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The Department of State BULLETIN, a weekly publication issued by the Public Services Division, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.

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Promoting the Security of the United States and the Free World

EXCERPTS FROM THE PRESIDENT'S BUDGET MESSAGE¹

PART A

To the Congress of the United States:

I am transmitting to you today the Budget of the United States Government for the fiscal year 1956, which begins July 1, 1955.

The first part of this budget message summarizes the budget totals and highlights our policies and plans for next year, particularly as related to the fiscal situation. The second part presents summary tables and also contains my budget recommendations for each major Government activity.

The fiscal and budget story during this past year centers around the fact that we successfully made the adjustment from a wartime to a peacetime type of economy, a truly significant achievement. Aided by a proper fiscal policy, the inevitable dislocations of this adjustment, while difficult for some, have not been serious on the whole. Our present growing prosperity has solid foundations, free from the artificial stimulations of war or inflation. However, the peace in which we live is an insecure peace. We must be constantly on the alert. Along with the other free nations of the world we must continue to strengthen our defenses. At the same time to remain strong for what will apparently be a long period of uncertainty ahead, we must also progressively increase our prosperity and enhance our welfare.

The 1956 budget is based on this outlook. Total expenditures will be reduced. However, I am rec-

ommending somewhat increased expenditures in particular areas important to human well-being. Budget expenditures for the fiscal year 1956 are now estimated at 62.4 billion dollars, 1.1 billion dollars less than for the current year. All parts of the administration will continue to work toward further reductions during the year by eliminating nonessentials and by doing necessary things more efficiently.

We must maintain expenditures at the high level needed to guard our national security. Our economy is strong and prosperous but we should not dissipate our economic strength through inflationary deficits. I have therefore recommended to the Congress extension for 1 year of present excise and corporate income tax rates which are scheduled for reduction on April 1, 1955, under present law. If this is done, and employment and production increase as currently anticipated, we can expect budget receipts to rise 1 billion dollars over 1955, to a total of 60 billion dollars in the fiscal year 1956.

On the basis of these estimates of expenditures and receipts, the deficit will be reduced from the presently estimated 4.5 billion dollars in the fiscal year 1955 to an estimated 2.4 billion dollars in 1956. Thus we continue to progress toward a balanced budget.

Budget Policies

Three broad considerations of national policy have guided me in framing the budget for the fiscal year 1956.

First, we must defend our priceless heritage of political liberty and personal freedom against attack from without and undermining from within. Our efforts to date have helped bring

¹H. Doc. 16, transmitted on Jan. 17; reprinted from *Cong. Rec.* of Jan. 17, p. 313 ff. The message, together with a summary of the budget, is for sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., at \$1.50 a copy.

about encouraging results—cessation of fighting, new and stronger alliances, and some lessening of tensions. The growing strength of the United States and its friends is a key factor in the improved outlook for peace. We must continue to build this strength. We must at the same time preserve our liberty at home by fostering the traditional initiative of the American people. We will increase the scope of private activity by continuing to take Government out of those things which the people can do better for themselves, and by undertaking on a partnership basis, wherever possible, those things for which Government action is necessary. Thus, people will be able to keep more of their earnings to use as they wish.

Second, the Government must do its part to advance human welfare and encourage economic growth with constructive actions, but only where our people cannot take the necessary actions for themselves. As far as possible, these steps should be taken in partnership with State and local government and private enterprise. We must do our part to provide the environment for our free enterprise system to keep employment high, to create new jobs, and to raise the standard of living. We must broaden the opportunity for individuals to contribute to the growth of our economy and enjoy the fruits of its productivity.

Third, we must maintain financial strength. Preserving the value of the dollar is a matter of vital concern to each of us. Surely no one would advocate a special tax on the widows and orphans, pensioners, and working people with fixed incomes. Yet inflation acts like a tax which hits these groups hardest. This administration has made a stable dollar and economy in Government operations positive policies from the top down. Expenditure reductions, together with a judicious tax program, effective monetary policy, and careful management of the public debt, will help to assure a stable cost-of-living—continuing our achievement of the past 2 years.

Budget Expenditures

Major national security.—Expenditures for major national security programs in the fiscal year 1956 are estimated at 40.5 billion dollars, 65 percent of total budget expenditures. This amount

includes the cost of new legislation. I am proposing to establish an effective military reserve system and strengthen the career service. This budget provides for more expenditures by the Department of Defense for air power than ever before in peacetime history. New weapons for defensive and retaliatory action are being developed and produced in increasing quantities. High priority is being given to strengthening our continental defense system. Since military supplies are not being consumed in combat, the bulk of the military materiel being produced by our factories is adding to our capacity to defend ourselves. Our defense expenditures are now bringing about a steadily growing strength. Never in our peacetime history have we been as well prepared to defend ourselves as we are now.

We will deliver about the same amount of military equipment to friendly nations as in 1954 and 1955. New atomic energy plants will be placed in operation and more than in any previous year will be spent for peaceful applications of atomic energy. The dollar value of our stockpile of strategic materials is expected to reach 78 percent of the minimum objective, compared with 58 percent in 1954.

International affairs and finance.—Our international programs are closely related to national security. The conduct of our foreign affairs is crucial in preserving peace. We have materially contributed to the strengthening of friendly nations through the economic aspects of the mutual security program. Continuation of such assistance is urgently needed for some countries. Net expenditures for international affairs and finance are estimated to be 1.3 billion dollars, 88 million dollars lower than in the fiscal year 1955.

PART B

This second part of the budget message starts with three summary tables. Following these tables is an introduction containing (1) general analyses of budget expenditures from two different viewpoints, (2) a summary of transactions of major trust funds, and (3) a summary of receipts from and payments to the public.

The remainder of the message discusses the nine major groups of Government programs.

Major National Security

Development and control of atomic energy.—It is our purpose, working in concert with other nations, to banish the threat of atomic warfare which now confronts the world. Progress is being made toward establishing an international agency for cooperation in developing the peaceful uses of atomic energy, as I proposed to the United Nations on December 8, 1953.² The budget of the Atomic Energy Commission for the fiscal year 1956 provides for greater expenditures than ever before on projects to develop peaceful applications of atomic energy. We shall continue unabated our efforts to assure that this great force will be used, not for war, but for the well-being of all mankind. Until such assurance can be achieved, however, we have no alternative but to strengthen further our most effective deterrent to armed aggression—the power of our nuclear weapons stockpile.

Despite a growing program, I am recommending for 1956 only a slight increase over 1955 in new authority to incur obligations because of the availability of large unobligated balances, due partly to savings in construction costs. Total expenditures in the fiscal year 1956 are estimated at 2 billion dollars, 50 million dollars less than in 1955.

Operating expenditures will rise in the fiscal year 1956 to the highest rate yet attained. They will increase from 1.2 billion dollars in 1955 to 1.5 billion dollars in 1956 principally because of an expected higher level of procurement of raw uranium ores and concentrates and because of greater production at the Commission's plants as new facilities are completed and placed in operation. The estimates assume continuing reductions in unit production costs.

Capital expenditures in the fiscal year 1956 will drop considerably as the large new production plants authorized in prior years approach completion. Recommended new construction will include: (1) plant improvements and other facilities to increase the efficiency and capacity of the production complex, (2) certain weapons research facilities, (3) a medical research center, (4) an international training school in reactor technology, and (5) developmental atomic reactor projects.

The national effort to develop industrial atomic power for peacetime uses will go forward with increased vigor. The Atomic Energy Act of 1954

makes possible substantial private activity and investment in the constructive applications of atomic energy. Construction of one large atomic powerplant jointly financed by the Government and industry is already underway. As I stated in my message of February 17, 1954, to the Congress,³ "It is essential that this program so proceed that this new industry will develop self-reliance and self-sufficiency." Accordingly, it is expected that industry will finance an increasingly larger share of the total national effort in developing power reactor technology. However, to speed progress in getting the new technology established, the Atomic Energy Commission in 1956 will expand substantially its program to develop industrial power reactors. Construction of several experimental reactors will be started in 1955 and 1956. Of these, one of the most significant is a power breeder, designed to produce more fissionable material than it consumes. Nearly 15 million dollars is included in the budget for this project.

Effective progress in military propulsion reactors will continue. The launching in 1954 of the first atomic submarine, the U. S. S. *Nautilus*, will be followed by the launching in 1955 of the U. S. S. *Sea Wolf*, an atomic submarine of different design. In addition, two atomic-powered attack type submarines have been financed by Department of Defense appropriations in the fiscal year 1955. My recommendations for the Department for 1956 include additional submarines of this type. In 1956, development work will proceed on improved types of submarine reactors, and on a reactor to power larger naval vessels. The Atomic Energy Commission and the Department of Defense will expand and accelerate research on atomic-powered aircraft, and will continue development work on small transportable power reactors for military use.

The basic—as distinct from applied—research which is fundamental to progress in all aspects of nuclear energy will be pursued energetically and will entail somewhat higher expenditures in 1956, both in the Commission's own laboratories and through support of research in universities and other institutions.

I again recommend that the Congress approve legislation to allow the residents of Oak Ridge, Tennessee, and Richland, Washington, to purchase their homes and establish self-government, thus

² BULLETIN of Dec. 21, 1953, p. 847.

³ *Ibid.*, Mar. 1, 1954, p. 303.

taking the Federal Government out of the business of owning and governing these communities.

Stockpiling of strategic and critical materials.—A new long-term stockpile level has been established to provide an additional measure of security over and above the minimum goals. Procurement of the additional minerals will generally be limited to instances where purchases at favorable prices will serve both to meet the long-term stockpile objectives and to maintain essential domestic production, as in the case of lead and zinc in the past 6 months.

Preliminary reviews of 50 minerals indicate that the new policy may eventually increase the inventories of materials by 3.3 billion dollars above the 6.5 billion dollars of minimum objectives. By the end of the fiscal year 1956, about 5.1 billion dollars of materials within the minimum objectives, and an additional 1.2 billion dollars toward the long-term objectives will be in inventory, compared with June 1954 levels of 3.8 billion dollars and 700 million dollars, respectively. In considerable measure, this progress is made possible under the Defense Production Act, discussed in the commerce and manpower section of this message.

Mutual security program.—Military assistance and direct forces support help other free nations to train and equip the modern armed forces which are necessary for our security as well as their own. Such assistance is an integral part of our own national security program for it helps to create, in crucial areas of the free world, essential military strength which bolsters our own forces. Because our allies generally provide the major portion of the costs of maintaining the forces, this strength is being created at a relatively low cost to the United States taxpayer.

The military assistance and direct forces support programs are two parts of an integrated mutual security program which in its entirety is designed to provide other nations with the margin of outside assistance which they need to develop and maintain their political, military, and economic strength, which is in our interest. Other parts of this program are discussed in the international affairs and finance section of this message. I shall submit to the Congress proposals for necessary changes in the Mutual Security Act. These will include my specific requests for authorization of appropriations for the fiscal year 1956.

Total expenditures for mutual security are estimated at 4.7 billion dollars in the fiscal year 1956, including the provisions for a program in Asia. Recommended new authority to incur obligations is 3.5 billion dollars.

MUTUAL SECURITY PROGRAM, MILITARY AND ECONOMIC

[Fiscal years. In millions]

	Expenditures			Recommended new obligational authority for 1956
	1954 actual	1955 estimated	1956 estimated	
Military:				
Military assistance:				
Present programs.....	\$3, 629	\$2, 675	\$2, 875	
Proposed legislation.....			200	\$1, 400
Direct forces support:				
Present programs.....	12	550	500	
Proposed legislation.....			100	630
Nonmilitary:				
Present programs.....	1, 241	1, 075	725	
Proposed legislation.....			300	1, 500
Total:				
Present programs.....	4, 882	4, 300	4, 100	
Proposed legislation.....			600	1 3, 530

¹ Compares with new obligational authority of 4,725 million dollars in 1954 and 2,781 million dollars in 1955.

Organization for mutual security operations.—The organizational arrangements to carry on the mutual security program beyond the present fiscal year are now under careful study and I shall in the near future present to the Congress my recommendations regarding them.

Military assistance.—The mutual military assistance proposed for the fiscal year 1956 will further help our allies to complete equipping and training the equivalent of more than 180 divisions, 551 combat vessels, 278 air squadrons, and related supporting units. Our assistance goes only for forces determined to be essential by our Joint Chiefs of Staff. It provides only the critical margin of training and equipment which the countries cannot provide for themselves. During the past 5 years we have delivered over 6,000 airplanes, almost 900 naval vessels of all types, 36,000 tanks and combat vehicles, nearly 200,000 transport vehicles, billions of rounds of ammunition, and many other items. Furthermore, specialized training courses have been conducted for officers and technicians from 32 countries.

Expenditures for military assistance in the fiscal year 1956 are estimated at 3.1 billion dollars as

compared with 3.6 billion dollars in the fiscal year 1954, and an estimated 2.7 billion dollars in 1955. The decline in estimated expenditures from 1954 to 1955, and the subsequent increase projected for 1956, do not accurately reflect the probable rates of delivery of equipment to our allies during 1956. Actual deliveries are expected to continue in the fiscal years 1955 and 1956 at around the 3-billion dollar level which was attained in the fiscal year 1954. The fluctuations in expenditure estimates are due to a change in the method of financing wherein the Department of Defense finances the production of common type materiel, pending delivery to the mutual security program and subsequent reimbursement of Department of Defense appropriations.

Much of our mutual military assistance continues to strengthen our allies in the North Atlantic Treaty Organization, and I hope that we may soon begin furnishing certain items of military equipment which will be needed by the new German forces. To the extent that this materiel cannot be financed by the Federal Republic of Germany from its own resources, it will be financed from appropriations made for the mutual security program. The continuing growth of economic strength in Europe and completion of the financing of much of the capital equipment which was required for the initial rapid military buildup will make it possible to reduce military assistance for this area in the immediate future below the level of the last few years.

The military assistance program proposed for the fiscal year 1956 will include aid to Korea which, in previous years, was financed from regular Department of Defense appropriations. We are also proposing the continuation of assistance designed to strengthen further the defenses of Formosa, Japan, and certain other countries in Asia which are presently receiving military assistance.

Expenditures in the fiscal year 1956 will be largely from appropriations made in previous years. At the same time, however, new authority of 1.4 billion dollars, which I am recommending, is needed to incur obligations in the fiscal year 1956 to finance in advance certain new requirements such as the Korean program.

Direct forces support.—The present Mutual Security Act distinguishes between military equipment and those supporting items which are necessary to make the soldiers and weapons effective.

These supporting items, commonly referred to as direct forces support, include gasoline, tires, uniforms, medicines, rations, and similar items which all military forces consume every day.

For the fiscal year 1956 I propose that direct forces support be provided to only a few selected countries. These countries, primarily in Asia, are ones where our mutual security requires the maintenance of active forces larger than those which these countries could support from their own resources. In the fiscal year 1956 direct forces support for the armed forces of the Republic of Korea, which was formerly provided for in the Department of Defense budget, will be covered for the first time by the mutual security program.

Direct forces support will continue to be a significant part of the mutual security program for so long as the security of the free world requires that large military forces be maintained in Asia and the Near East. I recommend 630 million dollars of new obligational authority under proposed legislation for this purpose. Expenditures for this program from existing appropriations and from the proposed legislation are estimated at 600 million dollars in the fiscal year 1956, as compared with 550 million dollars in the fiscal year 1955.

International Affairs and Finance

During the past year the free world, despite some setbacks, has made heartening progress in building the strength and unity which are so important to our security. In this hemisphere, in Europe, Asia, and Africa, the free nations acted together to strengthen their defenses against international communism, to widen economic cooperation, and to settle long standing disputes which have undermined free world unity. In these developments the United States has played a vital role.

My program for the coming year is designed to consolidate these gains and to make further progress. Particular emphasis will be laid on further strengthening the foreign service organization of the Department of State which carries the burden of foreign policy leadership and negotiations. We are likewise placing emphasis on revision of our several international programs to give appropriate attention to the important trouble spots around the world today.

My budget recommendations for international affairs and finance reflect a coordinated plan for

INTERNATIONAL AFFAIRS AND FINANCE

[Fiscal years. In millions]

Program or agency	Expenditures			Recommended new obligatory authority for 1956
	1954 actual	1955 estimated	1956 estimated	
Gross expenditures:				
Economic and technical development:				
International investment activities:				
International Finance Corporation (proposed legislation)			\$35	\$35
Export-Import Bank (including Reconstruction Finance Corporation liquidation)	\$534	\$334	335	
Investment guaranties	4	6	7	
Mutual security program (nonmilitary):				
Defense support and development assistance				
Technical cooperation				
Refugee and other aid (contributions to international agencies)	1,241	1,075	725	
Proposed legislation			300	1,500
Civil assistance programs, Department of Defense	87	30	6	3
Emergency commodity assistance, Department of Agriculture	74	124	177	179
Other assistance	3	6	9	9
Other refugee activities (Department of State)	1	9	15	16
Foreign information and exchange activities:				
United States Information Agency	71	77	86	88
Department of State	20	18	21	22
Emergency fund for international affairs		4	1	
Conduct of foreign affairs (Department of State and other)	130	116	124	123
Total	2,166	1,800	1,841	² 1,876
Deduct applicable receipts:				
Export-Import Bank	434	376	425	
Reconstruction Finance Corporation	9			
Investment guaranties	2	4	4	
Commodity Credit Corporation			79	
Net budget expenditures	1,720	1,420	1,332	

¹ Appropriation to reimburse the Commodity Credit Corporation for commodity assistance provided in previous years.² Compares with new obligatory authority of \$1,268 million in 1954 and \$1,685 million in 1955.

the conduct of foreign affairs, for the expansion of trade and investment, for mutual security economic assistance, and for foreign information. Total net budget expenditures for the fiscal year 1956 are estimated at 1.3 billion dollars, as compared with 1.4 billion dollars for the current year.

Recommended new authority to incur obligations in the fiscal year 1956 amounts to 1.9 billion dollars, 291 million dollars more than for 1955. Major items of this increase in new obligatory authority result from increased emphasis on defense support and development assistance in Asia and reimbursement of the Commodity Credit Corporation for emergency assistance in the form of commodities furnished in previous years.

International investment activities.—In my recent special message on foreign economic policy,⁴ I made recommendations which will enable us to expand foreign trade and investment. As a further step in providing capital to underdeveloped areas through stimulating private investment, the United States is participating with other members of the International Bank for Reconstruction and Development in working out pro-

posals for an International Finance Corporation. Such a corporation, although it could not purchase stock, could provide venture capital by making special types of loans without government guaranties to private enterprises in less developed countries. This budget includes 35 million dollars as the United States' share of the corporation's capital of 100 million dollars.

Moreover, in keeping with legislation approved last year, the Export-Import Bank estimates an increase in direct loans and guaranties of private loans from 460 million dollars in the fiscal year 1955 to 665 million dollars in 1956. It is expected that a significant part of this increase will consist of guaranties of private loans which are not included in gross budget expenditures. New direct loans are expected to be authorized in the amount of 403 million dollars. The collections on old loans, including lend-lease and postwar reconstruction credits in Europe, will exceed disbursements against new direct loans, so that a net receipt of 90 million dollars to the Treasury is estimated in 1956.

Defense support and development assistance.—We anticipate that the trade and investment policies outlined above, and the marked advance in

⁴ *Ibid.*, Jan. 24, 1955, p. 119.

economic strength of many foreign countries over the past 2 years, will increasingly enable us to confine direct Government assistance for defense support and economic development abroad generally to two types of situations, both of which are related intimately to our own future security.

In the first place, we will find it necessary for some time to provide defense support to certain countries which have undertaken a military effort beyond the capacity of their own economies to support. This defense support includes consumption goods and capital equipment to support the general economy, as contrasted with direct forces support which provides assistance to the military forces of the country. In the second place, our national interest will require direct assistance to certain less developed countries where a rate of economic progress which would be impossible without such assistance is essential to their becoming and remaining strong and healthy members of the community of free nations capable of resisting Communist penetration and subversion.

Employment, production, and foreign exchange reserves in free European countries are generally increasing. Most of these countries can now strengthen their military establishments and at the same time improve their living standards without further United States defense support. In the fiscal year 1955, defense support has been limited to very few countries, and a similar situation is expected to prevail in 1956.

Latin America, an area with which we have well-established trade and investment relations, has a great need for capital for economic development. Nevertheless, if Latin American countries follow a policy of encouraging private investment, domestic and foreign, they should be able to continue to raise the capital needed for further economic growth. In those cases in which private or International Bank resources are not available or not appropriate for financing sound projects, the Export-Import Bank will welcome applications for loans. The new International Finance Corporation, when organized, can also help provide capital. Grants in Latin America have been necessary only in special situations such as in Bolivia and Guatemala.

In Asia, active warfare has only recently ceased and the free countries of this continent continue to face the threat of Communist subversion and external aggression. We therefore have been furnishing and propose to continue to furnish de-

fense support to several countries including Korea, Formosa, Vietnam, Laos, and Cambodia. Some assistance in economic development has been extended in India.

Unless such support is provided, we may expect economic deterioration and dangerous reductions in the military defenses of the free world. Moreover, without such assistance, these countries, most of which border on Russia and Communist China, will not achieve the economic progress which is necessary to meet the threat of Communist subversion. The loss of northern Vietnam makes this support more imperative than ever.

In the Middle East and Africa, we have provided some grant and loan assistance to promote economic development and political stability, and will request funds to continue this type of assistance in the fiscal year 1956. This assistance has gone to Iran, Israel, Lebanon, Jordan, Egypt, and Libya.

My budget proposals for the mutual security program were developed on the assumption that all requirements for that program will be met from appropriations made for that purpose. Therefore if it becomes desirable to utilize foreign currencies accruing from sales of surplus agricultural commodities made under the Agricultural Trade Development and Assistance Act for mutual security purposes, mutual security appropriations will be used to reimburse the Commodity Credit Corporation for currencies so utilized.

Technical cooperation.—Over recent years, technical cooperation has become a continuing part of United States policy toward the rest of the world. American experts help the people in foreign countries, and foreign technicians come to the United States to observe our methods. As a result, millions of people are learning how to produce more food, to improve health and educational standards, and to operate modern industries more effectively. Agreements for technical cooperation are in effect in 68 countries and territories in Latin America, Asia, the Near East, and Africa.

In addition to these bilateral efforts, we have contributed to meeting the total cost of the United Nations technical assistance program, for which experts and financial contributions come from many nations. I am proposing new obligatory authority to cover the total proposed contributions of the United States to this program for both calendar years 1955 and 1956.

Refugee and other foreign relief.—The 1953 Refugee Relief Act provides for the admission of 214,000 people beyond regular immigration quotas before December 31, 1956. Approximately 17,000 visas have been granted to date. Sufficient progress has been made on concluding agreements with other countries, organizing staff abroad, and completing arrangements with voluntary agencies in the United States to justify the expectation that the program can be completed in accordance with the provisions of the act. To accomplish this, I recommend an increase for the Department of State appropriation for the fiscal year 1956, and a supplemental appropriation for 1955.

I am also recommending continued United States support of those programs and international agencies through which funds have been made available for relief, rehabilitation, and resettlement of escapees, refugees, and other special groups. These agencies include the Intergovernmental Committee for European Migration, and the United Nations agencies for Palestine refugees, and for emergency aid to children. In addition, this budget makes provision for a small contribution to help the United Nations High Commissioner for Refugees take refugees out of camps and make them part of the local communities.

Foreign information and exchange activities.—The United States Information Agency has done a capable job of redirecting its work and is increasingly effective. It is carrying out its mission in 79 countries through local radio, press, films, and information centers. Its worldwide radio broadcasting is increasingly directed to the countries beyond the Iron Curtain. But the Soviet efforts to divide the United States from other nations of the free world by twisting our motives, as well as its efforts to sow fear and distrust, are mounting in tempo in many areas of the world. I believe it is of the highest importance that our program for telling the truth to peoples of other nations be stepped up to meet the needs of our foreign policy.

The Department of State's educational exchange program is primarily directed toward the exchange of educators, newsmen, labor and management officials, students and others who influence the formation of public opinion abroad. The sharing of ideas strengthens the community of interest so vital to our relations with other people. I recommend that these exchanges be increased, particularly with underdeveloped areas.

Conduct of foreign affairs.—A prerequisite to the achievement of all our international affairs and finance programs is dynamic, positive, and dedicated leadership by the Department of State.

This budget recognizes the essentiality of a stronger and better trained career corps of foreign service officers. We should also provide more adequate facilities for carrying out statutory consular functions. Finally, more comprehensive commercial, labor, and other economic data are necessary to assist American businessmen to increase their foreign investment and trade.

As a result of the recommendations of the Committee on Government Operations of the House of Representatives and a committee of distinguished citizens, we are starting a series of improvements in the foreign service. The foreign service will be expanded to cover departmental positions; officers will be rotated more regularly between United States and foreign posts; and training will be improved. Appropriations to initiate these reforms are recommended.

Reported Soviet Offer To Share Knowledge of Atomic Power

*Statement by Lewis W. Strauss
Chairman, Atomic Energy Commission*¹

White House press release dated January 14

I have seen the statement from Moscow to the effect that the Soviet Government is prepared to share with other nations its knowledge in the development of atomic power for industrial use. If the report is true, it goes part of the way in the direction of what President Eisenhower urged in his proposals before the United Nations on December 8 a year ago.

We have already translated the President's words into action by allocating 100 kilograms of uranium for a world pool of fissionable materials for peacetime uses. We have made a large amount of reactor information public and have declassified information about the new reactor CP 5, near Chicago, quite recently.

The Soviets have allowed more than a year to elapse after the President's proposal before giving this much of an indication of their attitude—if the report is anything more than propaganda.

¹ Made at the White House on Jan. 14 after an appointment with the President.

Extending the Trade Agreements Act

Statement by Secretary Dulles¹

It is my privilege to appear before you in support of the foreign economic program which President Eisenhower outlined in his message of January 10 to the Congress.² Specifically, I urge the extension of the Trade Agreements Act by enactment of H. R. 1. This extension, I am convinced, will promote the security and welfare of the United States.

Today that security and welfare cannot be achieved without cooperative relations with other nations. We need to have partners in the great task of preserving human liberty. Fortunately we have such partners. The relationship is in many cases expressed by defense or mutual security treaties. By such treaties, including those now pending before the Senate, more than 40 nations are bound to us and we are bound to them.

Our mutual security treaties serve us indispensably. They create in the aggregate what none of us possesses alone, that is, a total power which vastly exceeds that of the Soviet bloc. Also our arrangements provide such locations for striking power as make it clear to any potential military aggressor that he stands to lose more than he could gain. Thus there is a powerful deterrent to war.

That is the key to our peace policy. It is a policy which has the overwhelming support of the Nation without regard to party.

It would, however, be a great mistake to assume that our security can be assured merely by treaties of military alliance. Such treaties crumble unless they are supported by something more than words, or even by weapons. They require a solid founda-

tion of mutual good will. This, in turn, requires that the parties should have a genuine concern for each other's welfare.

Most of our security treaties recognize the close relationship between security and economic welfare.

The United Nations Charter, which is in a sense the father of all our mutual security treaties, says that "conditions of stability and well-being . . . are necessary for peaceful and friendly relations among nations."

The Rio Pact of the Americas proclaims that security and peace are founded, among other things, "on the indispensable well-being of the people."

The North Atlantic Treaty obligates the parties to "seek to eliminate conflict in their international economic policies and . . . encourage economic collaboration."

The recently signed Manila Pact contemplates that the parties will "cooperate with one another in . . . economic measures . . . designed both to promote economic progress and social well-being."

U.S. Responsibility

In this economic field many nations have a responsibility. But the heaviest responsibility lies upon the United States. That is because we are the world's principal economic unit. Although the United States represents less than 7 percent of the world's population, we account for more than 40 percent of the world's production. Our trade accounts for between 15 and 20 percent of the world's total trade. We are the largest single supplier of, and the largest single market for, many foreign countries. Therefore, our economic behavior is of tremendous importance to our

¹ Made before the Ways and Means Committee of the House of Representatives on Jan. 17 (press release 26).

² BULLETIN of Jan. 24, 1955, p. 119.

friends and allies. Indeed, we would quickly alienate our friends and allies if we followed trade policies which cut across their vital needs.

Many do have such needs. Take, for example, Japan. Japan's total area is slightly smaller than California. But only 16 percent of its land is arable, and it is virtually without any natural wealth. Its present population is 87 million, which amounts to nearly 4,500 people for each square mile of arable land. These people cannot live except through imports, and they cannot pay for imports unless they export. Japan has a large industrial capacity, but this serves her little unless she can import the necessary raw materials and export the resultant manufactured goods.

There are many countries which, not having any appreciable industry of their own, must export raw materials so that they can buy elsewhere needed manufactured goods. That is the case in Indonesia, in relation to tin and rubber; in Venezuela, in relation to petroleum; in Egypt, in relation to cotton; in Ceylon, in relation to tea and rubber; in Chile, in relation to copper; in Brazil and Colombia, in relation to coffee; and in Cuba, in relation to sugar. Many of the Arab peoples depend on exports of petroleum. In Pakistan there is large dependence on exports of cotton and jute.

Even countries with more balanced economies also depend heavily upon foreign trade. For the United Kingdom, exports have amounted to approximately 21 percent of national income in recent years. For Canada, the percentage has been about 26 percent; for Denmark, 27 percent; for the Netherlands, 26 percent; for Australia, 21 percent; and for New Zealand, 37 percent. West Germany, too, has a dense population whose well-being depends on exports.

Such figures show that it would be folly for us to be indifferent to world trade.

I am glad to say that we have not committed that folly. We have succeeded in maintaining a vigorous economy which has been a major factor in holding the free world together. We have drawn heavily on that economy to meet the special needs of others. Our tariff rates have for the most part been kept moderate, and we have had quotas on only a few products. Our exports and imports have greatly increased from the prewar level.

However, other countries are uncertain as to the future trend of our trade policies. They fear

that we may shift to a policy of raising rather than lowering trade barriers. Such fears, unless allayed, could set up a chain reaction which would gravely damage and disrupt the free world. It would bring to pass what Soviet forecasters have predicted and would provide hostile rulers with another opportunity greatly to expand their power. The enactment of the pending bill will clear the air and dissipate the hopes of our enemies and the fears of our friends.

Provisions of Bill

H. R. 1 would extend for 3 years the present Trade Agreements Act, which goes back to 1934, and it would authorize the President, subject to the present peril and escape-clause provisions:

1. To reduce, through multilateral and reciprocal negotiations, tariff rates on selected commodities by not more than 5 percent per year for 3 years;
2. To reduce, through multilateral and reciprocal negotiations, any tariff rates in excess of 50 percent to that level over a 3-year period; and
3. To reduce, by not more than one-half over a 3-year period, tariff rates in effect on January 1, 1945, on articles which are not now being imported or which are being imported only in negligible quantities.

A principal advantage of the bill, from the foreign relations standpoint, is that it extends the Trade Agreements Act for 3 years and that increases certainty.

In 1953 and again in 1954 the Trade Agreements Act was extended only for a period of 1 year. I do not criticize that. For many years prior to 1953 international trade had been dominated by war factors. From 1939 to 1945 the Second World War was in progress. From 1945 until 1950 the task was one of rebuilding economic potentials abroad which had been largely destroyed by the war. In June 1950 the Korean war began, and in many countries emergency military programs were adopted at the expense of their peacetime industries. Only with the conclusion of the Korean Armistice in the summer of 1953 did there come the opportunity to evaluate our trade policies in the light of worldwide peacetime conditions.

Now, however, we have had 2 years of such evaluation. We have seen that under the Trade Agreements Act as annually renewed there was no

serious depression of our economy. In fact, today our economy is at a high peacetime level in terms of employment, real wages, and productivity. The living standards of our workers and farmers are the highest in history. Therefore, it seems to me, the time has come to renew the act not just for a year but for 3 years. That will have a stabilizing effect and increase confidence throughout the free world.

A second important factor of the bill, from the standpoint of foreign relations, is that it provides the President with new negotiating powers which will enable the United States to make a new start in promoting freer trade policies on the part of other nations. The United States cannot itself be the recipient of all of the surpluses of other countries. The greatest possibilities of foreign trade expansion exist elsewhere. But these possibilities cannot be realized unless the United States is in a position to exert a continuing influence upon the trade policies of the free world.

I can assure you that it is the administration's intention to exercise powers contemplated by the bill in such a manner that the legitimate concerns of United States business will be fully taken into account.

Mr. Chairman, the point of view which I am expressing here today is that which I have held for many years. I recall that on April 15, 1943, I wrote to the late Mr. Doughton, an honored chairman of this Ways and Means Committee, recommending renewal of the Trade Agreements Act. In that letter I made two principal points: The first was that the United States could no longer consider its economic policies to be matters of purely domestic concern because the world had become so interdependent that each country's trade and monetary policies had important repercussions upon others. Secondly, I stressed the fact that world trade conditions needed to be given stability. Without this, I said, no people can make long-range plans and a widespread sense of economic and social insecurity is created.

Now 12 years have elapsed; I am only confirmed in my earlier views.

I hope, Mr. Chairman, that I have not given the impression that the pending bill would primarily serve the economic interests of others. That is by no means the case. But I do not hesitate to say that, even if it were the case, I would still advocate the bill as needed to preserve the unity and vigor of the free world in the face of

the terrible menace that confronts it. In time of war we make sacrifices that are immense. I believe that in time of peace we should also be prepared to make some sacrifices in order to hold together a free-world partnership which is indispensable to the peace and security of each of the parties.

Happily, however, we do not need to think of this bill as sacrificial, even in terms of trade. It is a bill to expand our foreign trade. And that is good business for us.

In 1953 our exports, excluding military aid, amounted to \$12 billion. The economic effect of exports is not as directly or as easily perceived as the economic effect of imports. But exports make an immense contribution to gainful employment and to the well-being of farmers and industrial workers.

Of course, competition from imports or from any other source always effects evolutionary changes in the economy. However, the bill is drafted so as to cushion our economy against undue shock by reason of competitive imports. Not only would tariff reductions have to be very gradual, but the bill does not change the "peril point" and "escape" procedures designed to protect our economy from especial dangers.

Economic Adjustments Inevitable

Adjustments of our economy through one cause or another are inevitable. The principal causes are not imports but free trade as between the several states, the revolutionary developments of technical knowledge, and our antitrust policies. The cumulative effect of all of this means a constant replacing of old business with new, and that involves individual hardships. We are not callous or indifferent to them. But our Nation has found that the constant stimulation and renewal of its economic life is of tremendous value. That is why the United States today produces nearly half of all that is produced throughout the entire world. Other nations which might have created comparable opportunities for themselves have dropped behind as they clung to small, protected, domestic markets and to cartel policies designed to perpetuate the *status quo*.

In conclusion, Mr. Chairman, let me say that I am not a technical expert in tariff matters. Others who can qualify as experts will follow me as witnesses. I do know something about the

foreign relations of the United States. Our foreign policy, as I have put it in capsule form, is to enable the people of this country to enjoy in peace the blessings of liberty. I am convinced that that result cannot be achieved without cooperative trade relations of a dependable character between the free nations.

This pending bill and its counterpart, H. R. 536,³ are the only practical vehicles I know of for enabling us to promote that cooperation. In my opinion, the failure at this stage of world affairs to rededicate our Nation to liberal trade policies

and to do so for a 3-year term would have grave consequences. As President Eisenhower said last year, "If we fail in our trade policy we may fail in all. Our domestic employment, our standard of living, our security, and the solidarity of the free world—all are involved."

I fully agree with his estimate of the situation. Therefore, speaking from the standpoint of one who has a large measure of responsibility for the international relations of the United States, I strongly urge the enactment of the pending bill, H. R. 1.

World Trade and U.S. Security

by Clare Boothe Luce
Ambassador to Italy⁴

The broad lines of my talk are suggested by the fact that Benjamin Franklin was the first truly universal man our country produced. He was printer, writer, pamphleteer, politician, inventor, diplomat, and—not least—businessman. His many-faceted genius could not brook one single, sealed compartment of life. The 84 years of his life testified to his awareness of one great truth: the values that gave meaning to his life—and life to his country—could be defended and advanced only on the widest fronts of thought and action. All things were parts of a single whole. This, of course, was widely understood in the 18th century. We in the 20th are beginning to grasp it anew.

As you know, it was not long ago that "businessman" was a bad word in America's public vocabulary. The speed with which such nonsense evaporates is a tribute to the health of our political climate. Today every citizen knows the simple links—the simple equations—that relate American business to our Nation's very life, to the saving of freedom itself.

³ H. R. 1 was introduced by Representative Jere Cooper of Tennessee, chairman of the Ways and Means Committee. H. R. 536, identical with H. R. 1, was introduced by Representative Robert W. Kean of New Jersey, a member of the committee.

⁴ Address made before the Poor Richard Club, Philadelphia, Pa., on Jan. 17 (press release 25 dated Jan. 15).

Security means production.

Production means defense.

Defense means solvency.

Solvency means sovereignty.

All mean peace. And peace and its preservation mean prosperity and its preservation.

Government itself means the Nation's biggest, most crucial business.

Alliances with other governments mean trade with other peoples.

Supporting these truths is the plain testimony of history. The Golden Age of Athens, Renaissance Florence, the unique empire of Venice, Elizabethan England and Victorian England—these are the centuries' great monuments of triumphs of the human spirit, matchless conquests in arts and letters. And all were built upon the strongest economic foundations. Each avoided tight compartmentalization of its life into sealed chambers of narrow responsibility. The business of businessmen was not just business; it ranged from patronage of the arts to representation of their people at the courts of distant capitals.

So it is—so it must be—today.

I have seen the evidence of all this in our diplomatic mission in Rome these last 2 years. Not so many years ago that mission consisted of a few career officers of our State Department's Foreign

Service. Today our Foreign Service officers are still the core of the organization, but they now have, to help them, experts on all subjects from artillery and radar to malaria control and crop rotation.

Why? Because our job today is to represent the interests of the United States on all fronts—political, cultural, economic, military—and those interests require us to help this Nation to become the strongest and most helpful ally possible. No limits can be set to this job. For it epitomizes the job of all of us in this 20th century: the job of helping freedom itself to survive.

World's Business Is America's Business

From this another truth emerges: The whole world's business is America's business—and America's business is the whole world's. We get tired, I know, of being reminded of this. But living so close to astounding historic changes, we must keep reminding ourselves how dramatically events have coincided to transform, almost overnight, America's role in the world.

The fantastic shortening of distances and the grim perfecting of weapons of vast destruction have come at the same moment of history. And at this same moment, the United States has reached the summit of its power. But that power of ours is forged by our expanding industry, which as it expands becomes more than ever dependent on foreign markets and sources of raw material. Such is the coincidence of events we must face and master.

Let me give you one interesting illustration of the speed of this change in America's life and responsibility. Recently a European diplomat, inquiring into the origins of the First World War, made an exhaustive survey of pre-1914 German archives—Blue Books, White Papers, Yellow Books. Nowhere did he find a single reference to the United States as a major world force. And that was only 40 years ago.

We—the free world—have worked with some success to build our military might to check aggressive world communism: The strength of NATO, which increases in defensive power each year, and the improved defensive capabilities of our friends in the Far East are substantial achievements on this front. We have, here as elsewhere, learned from Benjamin Franklin, who back in 1773 quoted the Italian saying, "Make yourselves sheep, and the wolves will eat you."

On the political front the free nations have been equally successful. There are the Manila Pact for Southeast Asia and the London-Paris accords for Western Europe. Other achievements of the free world have been the settlement of the Trieste dispute, the resolution of the Suez Base question, an agreement between Britain and Iran over the Iranian oil wells, and an accord between France and Germany over the Saar.

While this is reassuring, it is manifestly not the complete story. To keep defensive armies on the alert and to prepare pacts to deter aggression are still not enough to secure peace and freedom. The arithmetic of nuclear explosions may be momentarily reassuring, but it is not conclusive.

Call for Action on Economic Front

So our total effort calls for action on the economic front. For here words like "liberation" and "initiative" can be given real meaning. And in this field, the economic, the combination of the skills and the common sense of America is preeminent.

What President Eisenhower is developing is a forward-looking world economic policy for the United States. "A world economic policy" is a dull phrase, without a suggestion of a drum roll or a trumpet blast. Yet it may mean life or death for the economies of Europe and of Asia. It also may mean the difference between victory and defeat in the contest for the hearts and minds of men. Each continent faces different problems. And to both, the United States holds the great key.

The issue for Europe is this: Although industrial output in most countries has been rising at the fastest rate in history, the rise in the standard of living has failed to keep pace with the expectations and the aspirations of the people. That is because these aspirations have been greatly stimulated by the unparalleled recent developments in communications, which have made previously isolated groups more and more aware of the possibilities of a better life.

A key reason for this shortfall between actual accomplishments and increasing expectations is the state of world trade, treading its narrow, perilous way between the Iron Curtain in the East and the scarcity of dollars in the West.

Once, the grand avenues of Europe's commerce reached to every market, to every continent. Since World War II, communism has largely

sealed off Russia, Eastern Europe, and half of Asia—and the rest of Asia lies largely undeveloped. So, to find both the markets and materials it needs, Europe must turn to “dollarland,” the United States and Canada. But turning there, the hard fact facing Europe is the enforced wartime liquidation of most of its old investments in the Americas and elsewhere.

As Europe needs trade, the other continents—Asia, Africa, Latin America—no less urgently need capital and technical skills. In all these continents, but most brazenly in Asia, communism promises swift progress to the “wonderland” of industrialization: production and work, more food, better lives for all. The promise is false, but the fevered hope of these peoples is itself nothing more sinister than the simple thought that hunger and disease are not inescapable. No nation—by its living example—has so dramatically brought history’s testimony to the validity of that hope as has the United States itself. We confront in the world, then, an image of ourselves—darkly seen, but there. And it serves to remind us that the U. S. A.—by simply existing as we do in freedom and plenty—is the most revolutionary force the modern world has known.

To one specific role the American businessmen can play in this world drama, our own history again gives eloquent clue. As Secretary of State Dulles recently reminded us, it is normal and healthy that in a free society economically advanced countries lend to underdeveloped countries both technical skill and capital. European skills and European capital were heavily invested in the colossal economic offensive that, a century and more ago, pushed the frontiers of America and the Western World across this continent to the shores of the Pacific. Beyond that ocean today, like frontiers challenge like boldness and effort and skill.

The Italian Economy

Now you may well wonder: Are not such grand considerations of world economic policy remote from the specific concerns of your Ambassador in Italy?

They are not. The Milanese manufacturer, the Tuscan farmer, the Sicilian day-laborer—his future, too, depends heavily, perhaps critically, on the decisions of this administration and of American business itself.

Let me explain:

The economic story of Italy was told in very simple terms in a single month, in July of last year. That month, Italy’s industrial production hit a postwar high—a full 83 percent above its 1938 level. Yet that same month, Italy had to import \$44 million more than it exported from this recordbreaking industrial output. This merely sums up the story of the last 4 years—years of unprecedented Italian productivity, each one of which has nonetheless seen the country record foreign trade deficits ranging from a minimum of more than \$500 million to close to \$1 billion.

Here emerges the cold, clear truth: No matter how wisely the domestic economy of Italy is geared, this nation cannot live all to itself. Geography and nature make Italian self-sufficiency an impossible dream. To import, to export, to trade—this is Italy’s very life, its best hope. It is, as an economic unit, a function of Europe and of the world.

What does this mean to the United States?

At the present moment Italy’s economy, for all its encouraging production indices, still means other things in terms of human beings. It means millions unemployed, or underemployed. It means millions of families who never taste meat. In political terms, it means this: Many of these millions have tasted the intoxicating flavor of the promises of communism.

To meet this situation, the United States has two choices. One is to feed the Italian economy on American handouts. The other is to help Italy open avenues for trade abroad and to help Italians create internal conditions that will attract private investment, that will put their economy in better competitive position. I do not need to tell you which way better serves American interests—which, while fortifying Italy’s national life, shows greater respect for the dignity of the Italian nation. Furthermore, it must be kept in mind that Italy’s ability to buy abroad—and she buys heavily in the United States—depends directly on her ability to sell abroad.

Now there is no direct magic that the United States alone can invoke to heal Italy’s trade needs. For example: Not America but West Germany is Italy’s best market today. And Britain, France, and Switzerland closely follow. Our help must therefore be indirect—indeed, all such economic issues involve not just one or two nations, but the whole free world itself. As Britain, as France, as West Germany find their widening markets in the

world, so—and only so—can they themselves be widening markets for the farm products, the machinery, the textiles of Italy.

Thus is every goal merely the beginning in this endless cycle, in these ocean-spanning, nation-binding processes of trade that are the very bloodstream of the free world. What is true in one place is true in all. A Britain that must import half its food, half its iron ore, all its petroleum, depends for its very life on the markets of the world. Across the globe, a Japan whose great China market lies behind the Iron Curtain must—if she is not to trade there—find a way of selling more than half a billion dollars' worth of annual exports in the Western trading society.

What do these facts mean to America? In the harshest terms, our security; our national survival; the allies, the defenses, the bastions necessary to them. In terms scarcely less harsh, our prosperity, itself essential to our security—for let us not forget that 100 percent of our tin, mica, asbestos, and chrome, 99 percent of our nickel, 99 percent of our manganese, two-thirds of our wool, almost half our copper come from abroad; that 4 millions of us now work directly for customers in foreign countries; that our farmers earn a per person average of \$1,100 a year from farm exports.

World trade affects the security of the United States in three direct ways:

First. We need, for our industries and for our defense, what can only be obtained abroad.

Second. Our world allies can support their share of our common defense only as their economies permit—and that means only as they can trade. What those allies mean, in strictly military terms, is some 175 divisions to add to our 20, and the bases in Europe, the Near East, and the Far East, without which our combined military forces would be comparatively ineffective.

Third. Allies who are denied U.S. markets will have to look elsewhere—and they will look behind the Iron Curtain. And it would be idle for us to exclaim that they would be making fateful political commitments in the process, that as Poor Richard warned us long ago, "necessity never made a good bargain."

Finally, the clear and decisive truth is that our trade policy is, to all the world, a test of our worth as a champion of the West, a challenge in our determination to be the good partner in world affairs.

Ambassador Winthrop Aldrich remarked not long ago that uncertainty of our tariff policy in-

hibits European businessmen, who fear that success in the American market will invite tariff retaliation. Such businessmen are like pole vaulters—they fear that the bar will be raised higher after every successful jump.

But uncertainty is not all. Proposals have also been made to cope with the antiquated, red-tape-bound, U.S. customs procedure. At the end of 1953 our ports boasted some 750,000 unsettled customs entries, enough for a solid year's work by inspectors. A U.S. Government report not long ago concluded: "Many goods take longer to pass through customs than it took Columbus to discover America."

These, then, are the all-important questions of our broad economic policy that the President and many other government officials will be trying to resolve these coming weeks. Theirs is not an enviable task. It is one in which I think all of us are called on to try to help, for it forces us to see how deeply all interests and sections of our Nation are involved in this business of American survival. It was Clarence Randall—a businessman, not a poet nor a diplomat—who stated the matter quite truly: "Because of our greatness as a nation, we have suddenly come face to face with what may be our final destiny."

We are still working, albeit for higher stakes, in the venerable tradition of Benjamin Franklin, businessman and diplomat. And the spirit—the heart and the wisdom—of our work matters quite as much as its material results.

The essence of our task in the world is not just to clothe the body but to heal the spirit; to work not through global charity but through the wise encouragement of self-reliance; to help restore dignity to man, pride to peoples, and independence to nations. For we know deeply—as Poor Richard said in very American language—"A Ploughman on his legs is higher than a Gentleman on his Knees."

We know, too, that history is not a notoriously patient muse, that time is running out, that not too many chances have already been and can still be wasted. As a Nation, we dare not join the dismal ranks of those who, as Richard again told us, when the well is dry suddenly know the worth of water.

And earnest protestations of good intent do not suffice. For "words may show a man's wit, but actions his meaning."

Let, then, our meaning be plain. And, if it is, let none of us doubt the outcome.

OAS Action in the Costa Rican Conflict

by Henry F. Holland

*Assistant Secretary for Inter-American Affairs*¹

During the past 10 days much of our attention has been centered on the conflict in the Central American Republic of Costa Rica. Through the newspapers, television, and radio you have followed events there. I would like to discuss with you their significance as regards the inter-American system and the policies of our own Government.

The dimensions of the conflict itself may be small—some 10,000 government forces, only 4,000 of them well armed, pitted against 600 to 800 revolutionaries; nevertheless, the principles and issues involved in the conflict are basic and of lasting importance to the peace and order of our hemisphere.

What has been taking place in that small Central American country is in the first place a matter of humanitarian concern to all of us because human lives and welfare are affected. If, and to the extent that, this is a domestic upheaval, it is regrettable, and would not be an occasion for U.S. or OAS political action. But the nature and apparent origin of the conflict suggest intervention from abroad and thus have presented problems of deep preoccupation to the American family of nations. At stake have been the principles of nonintervention and collective action to maintain international peace which are cornerstones of the relationship among the American States—a relationship which is unique in the divided world of today. In the balance stood the expressed intention of the American nations to come to the assistance of a sister republic when the integrity of its territory or sovereignty or political independence was threatened, thereby demonstrating the effec-

tiveness of the inter-American regional security system.

Beyond this, what is taking place in Costa Rica and the response of the Organization of American States, in my opinion, carried serious implications for the fabric of collective security which binds the nations of the free world. Happily, in this case there was no evidence that international communism had gained control of the political institutions of Costa Rica. If that had been the case, the Caracas declaration would have applied and the Communist-dominated Government would have been deemed a common danger to all of the American Republics.

I am pleased to say that the challenge has been met by the OAS, and in a rapid, effective, and resourceful manner.

Basic Purposes of OAS

Before taking up the course of events in the Costa Rican crisis and their significance, I believe I should very briefly describe the inter-American machinery to which that country appealed, for any of you who might not be familiar with it. The Organization of American States, or OAS, as we generally refer to it, is a regional organization within the United Nations. All 21 American Republics are members. Its affairs are normally directed by a Council comprised of representatives of each member state and which under emergency conditions such as those in the existing situation is accorded certain unusual and extensive powers such as those it has exercised during recent days.

Among the Organization's basic purposes as expressed in its charter are the following:

- a. To strengthen the peace and security of the continent;
- b. To prevent possible causes of difficulties and to ensure

¹ Address made before the Rotary Club, Houston, Tex., on Jan. 20 (press release 33 dated Jan. 19).

the pacific settlement of disputes that may arise among the Member States;

c. To provide for common action on the part of those States in the event of aggression.

A fundamental principle vouchsafed in the charter (article 25) is that:

If the inviolability or the integrity of the territory or the sovereignty or political independence of any American State should be affected by an armed attack or by an act of aggression that is not an armed attack, or by an extra-continental conflict, or by a conflict between two or more American States, or by any other fact or situation that might endanger the peace of America, the American States, in furtherance of the principles of continental solidarity or collective self-defense, shall apply the measures and procedures established in the special treaties on the subject.

The principal treaty referred to in this article is the Inter-American Treaty of Reciprocal Assistance, known as the Rio Treaty. It is under this treaty that Costa Rica on January 8 appealed to the Council of the Organization for assistance, considering itself to be in imminent danger of invasion.

Background

The Costa Rican call for Oas action brought to a head issues and difficulties which have hovered in the background for some time. Last spring, after frustration of an attempt to assassinate him, the President of Nicaragua asserted that the President of Costa Rica, from whose territory certain of the conspirators had come, was implicated. Thereafter, the Costa Rican Government from time to time asserted that a revolutionary movement was being prepared against it from outside its territory, with the toleration, if not assistance, of other governments.

During this period of tension in the area, those of us dealing principally with Latin American affairs in Washington were informed of these developments. Not infrequently we were called upon to lend our assistance in an effort to ease the difficulties. At times both before and after the recent outbreak we have been asked to provide more direct assistance ourselves.

In response to such appeals, the policy of the Government of the United States has been to take such informal and friendly steps as we believed would be proper and helpful to bring about a more cordial atmosphere between the governments concerned. We also encouraged them to make every effort to resolve their difficulties by direct negotia-

tions. All members of the Organization of American States clearly have a responsibility to strive for such settlement under the charter of that body, the Rio Treaty, and the U. N. Charter. However, we have firmly and consistently insisted that governments which found themselves unable to resolve their difficulties by direct negotiations should utilize the abundant and effective machinery of the Organization of American States in achieving that peaceful solution which is enjoined upon all members of the inter-American community. Specifically, we have repeatedly advised that a government which had reason to believe that its sovereignty or political independence was endangered from outside its territory should place its complaint before the Organization of American States. We believe that procedures which are readily available in the Oas can be effective, and that the degree to which they achieve good results depends in no small measure upon the degree to which the American States resort to them and thus demonstrate their confidence in them. No machinery for the maintenance of peace and security can demonstrate its effectiveness unless it is used by the governments that created it.

Appeal by Costa Rica

Now let me review briefly the order of events in connection with Costa Rica's appeal to the Oas. That will permit a clear understanding of the role played by the United States and the other members of the Oas.

On Saturday, January 8, the Costa Rican representative notified the Council of the Organization of American States that his Government believed an invasion of its territory was imminent and that the movement was being supported in violation of the obligations of the governments under inter-American treaties. These prohibit any American State from resorting to force in a dispute with another and require each State to take effective measures to prevent its territory from being used to further an armed attack on any other State. Costa Rica asked that the provisions of the Rio Treaty applicable to such emergencies be invoked.

The Chairman of the Council immediately called a meeting of that body for the following day. Subsequently, the meeting was postponed 24 hours, with the concurrence of the representative of Costa Rica, because of the absence of the Nicaraguan representative from Washington.

The Council met on the afternoon of Monday, January 10, and heard Costa Rica present its case and Nicaragua's denial of the allegations of its complicity in any revolutionary movement. No act of violence having taken place, and considering it desirable for the representatives to consult their governments on the matter, the Council scheduled a further meeting for Wednesday, "calling upon the governments of Costa Rica and Nicaragua to take the necessary measures to prevent any acts which might aggravate the situation."

The situation changed drastically the following morning, Tuesday, January 11. Rebel forces attacked and occupied the Costa Rican town of Villa Quesada, some 60 miles within Costa Rica, north of its capital, San José. At the request of Costa Rica, the Council of the Oas met immediately that day. In view of the new circumstances, it did not hesitate to apply the Rio Treaty and, as a first step, to send an Investigating Committee without delay to the scene to ascertain the facts. The United States was privileged to be designated as a member of the Committee, together with Mexico, Brazil, Paraguay, and Ecuador. The Committee was named at 9 o'clock in the evening. At 6 o'clock the following morning the group was on its way in a plane which, in view of the urgency of the matter, was furnished by the United States. The Council had acted with vigor and dispatch.

While the Investigating Committee was en route on Wednesday, a new element entered the picture: Costa Rica reported that during the day several towns, including the capital, had been bombed and strafed by aircraft coming from the north. Costa Rica pointed out that, having no air force of its own, this development posed a new and serious danger to its security. Not only was the danger increased, but it appeared that such elements could only have come from outside Costa Rica.

International Aerial Patrol

In response the Council called urgently upon all American governments to take the measures necessary to prevent the use of their territories for any military action against another government.² But it also made what I think is an historic decision in the inter-American system—the establishment for the first time of an international aerial patrol under the supervision of an Oas body for the purpose of making peaceful observations

over the region affected by the situation. To accomplish this, the member governments in a position to do so were requested to place at the disposal of the Investigating Committee aircraft which would fly in its name and under its supervision. Within 2 hours after this decision was unanimously taken by the Council, our Government announced that it was making planes available. Ecuador, Uruguay, and Mexico have taken the same step.

The use of peaceful observation flights under the supervision of the Investigating Committee is a new development in inter-American peace machinery. Multiplying the eyes and expanding the vision of the five-man Committee, this procedure doubtless also served as a deterrent to any international transit of men and arms in violation of treaty obligations.

Recognizing the need for a finding of facts, the Council requested the Investigating Committee to send immediately a preliminary report on the situation. This the Committee did with noteworthy speed.

This report, received late Thursday, indicated that aircraft originating from outside Costa Rica had machinegunned and bombed several places in the country, and that there existed grave presumption that arms entering Costa Rica were continuing to arrive across its northern frontier. On Friday the Council, on the basis of this information, condemned the acts of intervention against Costa Rica; it called on all American governments, especially Nicaragua to the north, to redouble their efforts to prevent their territories from being used for military action. It also directed its Investigating Committee immediately to send observers to all airports and other places in the region which might be used to transport military elements into Costa Rica. Meanwhile, constant aerial surveillance under the supervision of the Investigating Committee continued, as did the other activities of the Committee.

At midnight on Saturday, January 15, the Committee reported that its reconnaissance indicated that the air force of the revolutionary group operating in Costa Rica had been increased by the addition of one P-47 which had come from outside Costa Rica. This plane had been used in strafing operations. The Costa Rican Government had no combat aircraft with which to meet this new threat.

² BULLETIN of Jan. 24, 1955, p. 132.

At 2 o'clock in the morning on Sunday the Council of the Oas met to consider what should be done in the light of this latest development. The Council was informed that Costa Rica had asked that the United States sell it four P-51's. Since the problem was being dealt with by the Oas, we would not send such war material into the area except at the request of the Council. We told the delegates that we could under our laws make a sale of the four planes to Costa Rica, and that, if the Council requested that such aircraft be made available to the Costa Rican Government, we would do so. Five hours later, at 7 o'clock in the morning last Sunday, the Council unanimously approved a resolution which made known its desire that these aircraft be sold to Costa Rica.³ At 3 o'clock that afternoon the four P-51's were on their way to Costa Rica. They arrived on Monday, January 17, and have been turned over to the Costa Rican Government.

Price of Planes

There has been speculation in the press as to the price of the planes which have been transferred to Costa Rica. United States law requires that the price of military equipment sold to other friendly governments be fixed at its fair value, which is determined according to standards specified in the Mutual Security Act of 1954. In past sales of similar equipment that price has been far less than the original cost of the planes. The price in this case is now being determined by the Department of Defense and will be fixed on the basis of the type of plane and equipment, spare parts, and services made available with them. I might add that if, because of price or any other reason, Costa Rica would now prefer not to have the planes, we would be satisfied to have them returned. They were withdrawn from National Guard units here in Texas, where they are useful.

After its night session the Council reconvened at 4 o'clock Sunday afternoon to consider what further measures might be taken to insure against treaty violations. It had before it petitions from both Costa Rica and Nicaragua that effective surveillance of their frontier be established under the Oas for the purpose of keeping watch on border crossings by revolutionary forces or supplies. The Council approved this request, directing its Investigating Committee to plan and maintain

effective vigilance of the border through its military advisers.

Aerial reconnaissance revealed that the rebel forces had four planes—two AT-6 trainers, a DC-3 cargo plane, and the F-47 which I have mentioned. The DC-3 crashed last Sunday. On Monday the air patrol reported that the three remaining planes had left the rebel airstrip in Costa Rica. Later the two trainers were observed to land in Rivas, Nicaragua, where the pilots surrendered to Nicaraguan authorities, who report that the Government has interned the aircraft and crews. The whereabouts of the fighter plane has not been determined.

This account of the action taken by the Oas speaks well of the forceful and expeditious manner in which the 21 American Republics, operating through their regional organization, have been able to act. Not only has its action saved lives and property which would undoubtedly have been destroyed had the fighting become more widespread; it has also shown to the world that effective machinery exists and is being used in this hemisphere for the prevention of international conflicts. This success will strengthen the Organization of American States by giving a concrete demonstration of its power as a deterrent to warfare in this hemisphere. The United States as a member of the Oas may be justly proud of its contribution to this joint undertaking.

Question of Responsibility

A question—often asked me in the last several days is, Who is responsible for this armed conflict in Costa Rica? Are the accusations made by the Governments of Costa Rica and Nicaragua against each other true? This is not a question for any one member of the American community to decide, and we shall not engage in speculation. The determination of facts and the assessing of guilt, if any, is the function of the Oas. If we want to preserve the dignity and integrity of our regional organization, we must not prejudge issues which it is studying preparatory to rendering a decision upon them. Nor must we expect hasty decisions from it. The Investigating Committee is still in the field. It has just spent time in Nicaragua, where, at the invitation of that Government, it has been assembling information. Until all of the facts are in, it would not be proper to render any judgment, as the voicing of unfounded or unsup-

³ See page 182.

ported accusations by an official spokesman of any of the American governments would only tend to worsen the situation.

The importance of the Oas action thus far lies chiefly in the prompt and resourceful way in which it acted to protect the sovereignty, integrity, and inviolability of the territory of one of the member states. Despite the small size of the military engagement which is involved, the issues presented were the kind that could in the future arise in connection with any member of the group. The measures applied were unique. Never before has the Organization requested the establishment of pacific observation flights or requested the sale of military equipment to a beleaguered member. Under these circumstances one cannot exaggerate the significance of the fact that all decisions not only of the Council but of the Investigating Committee have been taken unanimously. Americans throughout our 21 Republics can be grateful that the peaceful solution of our problems has been entrusted to this regional organization to which the Soviet veto cannot extend.

The Oas has acted with speed and efficiency which deserve the applause of all the members of the inter-American system. In less than 4 days actions were taken which put an investigating group into the affected area and gave it the means for carrying out peaceful observations of the widest possible scope. I doubt that in any similar situation an international investigating body has discharged its duties with greater diligence, greater speed, or greater resourcefulness.

Furthermore, as a result of the Oas action, aircraft were made available which enable Costa Rica to defend itself against marauding planes introduced from outside its territory. The basis has been established for a system of effective frontier vigilance. These are remarkable achievements for any international organization.

Let me summarize the policy which the United States Government has pursued and will continue to pursue in this matter. First, we support vigorously all appropriate steps determined by the Organization of American States to protect the obligations and guaranties of the treaties upon which our inter-American system is founded, and we make every effort to insure that these steps are taken on the basis of facts rather than charges or rumors. Finally, we are committed to a policy of strengthening the Oas as an effective international organization within the United Nations to which

members of the American family should in the first instance refer such problems as this for peaceful solution.

Sale of Four U.S. Aircraft to Government of Costa Rica

DEPARTMENT ANNOUNCEMENT

Press release 27 dated January 16

In response to a resolution unanimously adopted by the Council of the Organization of American States this morning, the Department of State announced this afternoon that the U.S. Government will sell four P-51's to the Government of Costa Rica.

The Council of the Organization of American States, which is acting provisionally as Organ of Consultation with respect to the Central American problem under the Inter-American Treaty of Reciprocal Assistance (the Rio Treaty), requested the governments of member states to expedite arrangements for the purchase by Costa Rica of aircraft which it may have ordered from them.

The four U.S. aircraft will leave Brooks Field, San Antonio, Tex., around 3 p. m. (local San Antonio time) today. They will be ferried to Costa Rica by U.S. Air Force personnel stopping enroute to refuel. They are expected to reach San José, Costa Rica, tomorrow morning where they will be turned over to the Costa Rican Government.¹

OAS RESOLUTION APPROVED JANUARY 16

OAS doc. C-d-347 (English) Rev. 2

THE COUNCIL OF THE ORGANIZATION OF AMERICAN STATES, ACTING PROVISIONALLY AS ORGAN OF CONSULTATION,

Taking into account the petition presented by the Delegation of Costa Rica; and considering the reports received from the Investigating Committee, the Council, acting provisionally as Organ of Consultation, according to which the Government of Costa Rica does not have the necessary aircraft

¹ On Jan. 17 the U. S. Government informed the Oas Council that the planes had been delivered to Costa Rican authorities at San José that morning.

or arms to defend itself against attacks by foreign aircraft of the type that is now being received by the revolutionary forces;

Noting that the Government of Costa Rica is negotiating the purchase of aircraft, and

Bearing in mind the statement of the Delegation of the United States to the effect that if the Council so requested, it would comply with the

request received from the Government of Costa Rica for the purchase of aircraft,

RESOLVES:

To request the Governments of the Member States of the Organization to expedite the order for the purchase of aircraft that Costa Rica may have placed with them.

The New Germany

by Cecil B. Lyon

Director of the Office of German Affairs¹

I welcome this opportunity to talk to you on the subject of Germany with a sense of both gratification and relief. With gratification, because it offers a most timely opportunity to discuss with this distinguished audience recent developments in one of the most critical areas of foreign policy; with relief, because the facts which I shall discuss today are on balance positive and reassuring—at least considerably more positive and more reassuring than they would have been had you asked me to report to you in December of last year.

There is no use denying that twice during the last year we were faced with major crises: once, after the collapse of Epc at the end of August, and again, on Christmas eve, after the French Assembly had rejected in the first reading the alternative proposals worked out and signed by this Government and by the British, French, German, Italian, and Benelux Governments. It is difficult to imagine what the consequences of a final rejection would have been. Suffice it to say that it would have gravely endangered the system of Western defense, would have breached the united front of the Western Powers, and would have presented the Soviet Union with a major political and psychological victory.

It is pointless to dwell on these contingencies now, although the final act needs yet to be written. We may take comfort from the fact that, so far, the French sense of realism has prevailed, and thanks to this the unity of the West has once more been preserved. I mention these events with malice toward none, for only our global opponents would stand to benefit from a discussion of the shortcomings or mistakes of ourselves and our allies. Particularly I do not wish to reflect on the merits or demerits of any of our allies.

It is worthy of recalling, however, as Secretary Dulles pointed out at the time,² that only a minority of 100 Communists in the French Chamber of Deputies was adamant in its resistance to the Paris agreements. Other parties were divided in their opinion, but in the majority of cases those who cast a negative vote did not do so out of fundamental opposition to the principle of Western European union or even German rearmament, but rather because they were in honest doubt about the timing or the form or the methods of organization of this matter which is so vitally important to France. I think we all are sympathetic to the feelings of our allies, who must face up to such heart-searching decisions as the French deputies have done in recent months. Their decision resulted not only from the democratic approach but

¹ Address made on Jan. 15 before the Institute on Germany, sponsored by the Cincinnati Council on World Affairs and the University of Cincinnati, Cincinnati, Ohio.

² BULLETIN of Jan. 10, 1955, p. 43.

constituted a remarkable sign of progress. Indeed, nothing could demonstrate the change in European thinking more convincingly than the fact that, less than a decade after the termination of hostilities, a majority in the French National Assembly should agree to rearm the one country which within the last 100 years has thrice invaded French soil.

The Postwar Metamorphosis

The change in European and in French thinking particularly cannot be fully understood, however, unless one realizes that Germany, too, has undergone a fundamental change since the end of World War II. In making this statement, I do not wish to say—or even to imply—that the Federal Republic of Germany has become the prototype of Western democracy modeled on a pattern made in U.S.A. What I do want to state clearly and emphatically, however, on the basis of my own observations as the former Director of the Berlin office of the U.S. High Commissioner, is that the Germany of 1955 is neither the Germany of Hitler nor of the Weimar Republic nor of Kaiser Wilhelm's Empire but that it is a new and, as I sincerely hope and believe, a friendly Germany with aims and institutions akin to ours. It is, moreover, a Germany anxious to cooperate with the West.

Millions of GI's who have spent the last war years and the postwar years in Germany, thousands of U.S. citizens who have gone to Germany and German citizens who have come to the United States on official or private business, for professional reasons or under the auspices of the United States exchange program, and our own and foreign correspondents have provided almost every community in the United States with an abundance of information about the new Germany. Probably at no time in recent history have Americans and Germans known more about each other than at present. Never have more Germans been able to converse in English or Americans in German. Yet it is also true—and often deplored on both sides of the Atlantic—that much of the information is spotty, somewhat subjective, and frequently outdated.

That is understandable. First, let us not forget that in spite of Germany's well-known trend toward political unity and social uniformity, Germany is also a country of remarkable contrasts

both in its geographical and in its cultural make-up. Secondly, there is our tendency to like and look for common or familiar traits and to generalize on the basis of sudden, dramatic, and personal experiences—however unique they may be. Thirdly, there is the fact that we are faced with a situation which is highly fluid. Since 1945 Germany has gone through a series of radical changes which in normal times and in the normal life of a nation would have taken decades to accomplish. Some of you may have seen Germany in the agony of defeat in 1945, with its cities in rubble, with millions of refugees, with cold, hunger, and disease; and some of you may have recently revisited the new Germany with its rebuilt cities, with its smoking chimneys, with its teeming highways, with its comfortably dressed crowds. If so, you will understand what I mean.

Apart, of course, from the physical changes, there are other changes no less important, which have affected the whole structure of German society. The influx of millions of refugees and expellees from the former German territories now east of the Iron Curtain has changed the social complexion not only of individual cities and states but of all Western Germany. These new settlers have burdened the reviving German economy with many serious problems and at times appear to have strained the capacity of the German economy to the bursting point. On the other hand, they have also introduced new skills and industries which in turn have been a major contributing factor to the phenomenal rise of German productivity and exports.

On the political side, we have witnessed the emergence of a new government, under the courageous leadership of Chancellor Adenauer, which has contributed to European politics an element of stability and moderation. In recent times of crisis this has proved to be a factor of major political importance. This Government of the Federal Republic, as you know, derives its authority from a democratic constitution which contains very specific stipulations upholding civil rights and liberties. The legislature of the Federal Government is an active body of politicians representing all shades of political opinions from moderate socialism to devout conservatism. The only elements excluded are the extremists of the Left and the Right, for neither the Communists nor the neo-Nazis or their politi-

cal sympathizers succeeded in obtaining the necessary 5 percent of the total vote in the last Federal elections, which the German Constitution demands for a party to be represented in the Bundestag. Finally, and most importantly, the official authorities are supported in the Federal Republic by a public opinion which is decidedly pro-Western in outlook and affinity.

These, then, are the features which form the image of the new Germany. On balance, it is a reassuring picture, vastly different from preceding ones.

Nothing could therefore be more misleading than to continue to apply to this new Germany the oversimplified clichés of former days and perhaps to contend that the Germany of 1955 still exhibits the quality of Hitler Germany. But it would be almost equally fallacious and dangerous to predict that the Germany of today will be, of necessity, the Germany of tomorrow. The Germans themselves would be the last to claim this. They concede—in fact, they insist—that this new Germany, too, is in its formative stage. Moreover, it would be less than honest to assert or to assume that such changes as may yet occur will be no more than light ripples on the surface of a seemingly calm water. It would also be both unrealistic and irresponsible on my part to give you any assurance of this nature. The situation is too fluid to permit any such predictions.

Social and Economic Evolution

No, Europe, and Germany with it, is still in the midst of an evolution which is characterized by profound social and economic dislocations and by a reshaping of traditional values and institutions. The people in Germany have experienced not only the total collapse of their former governmental system but likewise the wiping out of many of the concepts upon which it was founded. Notions as venerable to Germans as the conception of the Reich, of national unity, of public authority are now subject to query; even an ideal as sacrosanct to the Germans of yesterday as military and public service is looked at dubiously by the young people of today. In former days they and their fathers would have been prepared to dedicate, and, if need be, to sacrifice, their lives unhesitatingly for the greater glory of the fatherland. The German youth of today is questioning this attitude.

On the other hand, the apathy of the early postwar years appears to have all but disappeared; at least it seems to have given way to a hustling preoccupation with material and practical pursuits, above all to an intense quest for that margin of comfort which constitutes the critical difference between subsistence and prosperity. To safeguard and to expand this margin is the cherished goal of a large majority. According to available analyses, this satisfaction with the economic state of affairs accounted in large measure for the overwhelming vote of con-

Message From Secretary Dulles

The following message from Secretary Dulles to the Cincinnati Council on World Affairs was read on January 15 by Mr. Lyon.

The increased importance of the United States in foreign affairs has made it more necessary than ever that our citizens know and understand our role in the community of free nations. Thorough study and discussion of American relations with other countries make a significant contribution along these lines, and I am pleased to know that your council is undertaking an institute on our relations with Germany.

fidence which the electorate gave to Chancellor Adenauer in the last Federal elections.

Nobody can deny that the wish for economic security on the part of the German people offers a perfectly valid basis for political decisions and is evidence of the growing sense of realism of the German voter. I believe that it is reassuring to know that questions of German national politics are today determined by a peaceful desire for greater security or for a protection of the economic status quo, rather than by adventurist aspirations at territorial or political aggrandizement. This, I am sure you will agree, is a good thing. Also many foreign observers have commented with amazement and with satisfaction on the absence from German politics today of feuds and acrimony such as characterized the turbulent twenties.

All this is most gratifying, and we can only express the fervent hope that these more peaceful conditions will continue to prevail. With the disappearance of the more radical parties from the official forum of national politics, the climate of political discussion in the Bundestag promises to remain better than fair; at least no menac-

ing storm clouds have appeared on the political horizon—so far.

But having said this, let me remind you again that the situation is still fluid in many respects and that there exist a number of factors which might have an unsettling effect on long-range German politics.

There is, first of all, the natural wish of a rising nation with astounding recuperative powers, located at one of the focal points of world politics and of world conflict, to reassert its role as an independent and contributing member of the community of free nations. Those are aspirations that cannot be denied, unless we wish to be unfaithful to the very principles for which we ourselves stand. It is therefore to be expected that in the coming years not only will the Government of the Federal Republic become a force to be reckoned with on the international scene, but also the German people will demand a more responsible participation in the shaping of their national destiny.

Problem of Reunification

Secondly, we must expect that the problem of German reunification will become an issue of mounting urgency in German politics. The restoration of German unity has priority rank in German policies; it is also a definite objective of the policy of the United States Government. I am certain you are well aware that our various efforts to reach an understanding on this important question with the Soviet Union have foundered on the intransigence of the Moscow Government. As a result, the illogical, unnatural, and tragic division of Germany continues. The Iron Curtain that cuts the body of Germany in two likewise divides and truncates Europe. Moreover, this unnatural state of affairs disturbs the political balance in all Europe. Until and unless the problem of German reunification has been settled in a democratic and peaceful manner, we shall not have achieved that measure of security and tranquillity that is indispensable to the maintenance of a stable and enduring peace.

It is true that in the past few months, while the Western nations were preoccupied with building up their strength, their common efforts may have temporarily obscured other objectives—no less important—such as that of German unity. We may safely assume, however, that once the

Paris agreements have been fully ratified the question of reunification will gain new momentum. To be sure, the political opposition in Germany will continue to press for an earlier solution, that is, for negotiations with the Soviet Government, either in a quadripartite conference or possibly through regular diplomatic channels. But it would be a mistake to believe that pressure for action will be confined to the opposition. Other groups are equally interested in activating the issue of reunification at the earliest possible moment. That is understandable. We would feel the same way if an Iron Curtain were drawn through the middle of the United States, let us say along the banks of the Mississippi River.

To most Germans the problem of unity is not even strictly speaking a political question. With the Iron Curtain cutting thousands of family ties, it becomes a deeply human, highly personal problem. But if the solution is too long delayed the matter might develop into a very formidable political issue. It is this question of German unity, then, which will keep German politics in a state of flux for some time to come. It will provide an element of restiveness in national as well as international policies. And it will offer a continuing challenge to the diplomats and politicians who are charged with the task of settling the problem of Germany's future.

The free world has no choice but to recognize the problem and to face it with realism, with patience, and with determination. We cannot and we must not seek to evade it. How and when we will achieve our objective, nobody can tell with assurance. But we know one thing for certain: we will never reach the goal if we permit our opponents to divide us in our purposes and to scatter our energies. The agreements concluded at Paris have one aim and one aim primarily, namely to unite the will and the power of the free nations in a mighty pool of defensive strength. Without this aggregate of protective power, we will be unable to help either ourselves or our friends.

Now you may have heard it said that the creation of the Western alliance, rather than improving the chances for a relaxation of tensions, is likely to freeze the present situation and thus to perpetuate the division of Germany, of Europe, and of the world. That, at least, is the contention of our opponents.

Permit me to say that this is a willful and ma-

licious deception, that it is nothing but a shameless reversal of the facts. The truth is that the world situation is now kept in a deep freeze, because Soviet, not Western, policy is rigid; it is so because Soviet strategy has not changed one iota, in spite of what the spokesmen of the Kremlin may say a hundred times each day. The pretense of peace and security that accompanies every Soviet bid for Western credulity and compliance is nothing but a tale full of sound and fury, signifying nothing. In contrast to Soviet objectives, it is the aim of Western strategy to break the ice, to unfreeze the present situation by creating a new set of facts. The amalgamation of the capabilities of the Western nations is such a fact. It will by its very existence compel the Soviet Union to take Western strength respectfully into account and to formulate its own plans accordingly. It may thus actually reopen a new way to German unity through peaceful accommodations.

Admittedly, the achievement of unification will not necessarily end all problems. The restoration of German unity might confront us with new questions connected with the integration of a united Germany within the then-existing framework of political and military alliances. I believe that we can face this contingency with hope and assurance. We are confident that Germany's cultural heritage as a Western nation will guard it against lures and pressures from the East and, in the last analysis, will determine the course of its future policy. We are equally hopeful that the new Germany will not lightly jeopardize its own security and the security of its neighbors by placing selfish nationalism above the common weal. We expect, above all, that in order to achieve our common aims neither Germany nor any other partner of the Western alliance will rush into premature action, particularly if such action may weaken the foundation of Western unity. Let there be no misunderstanding: Our strength is not for sale. But let us also not forget that the position of strength which we covet has not been reached as yet and will not be attained until the recent agreements have been consummated. Only then will we be able to act with a promise of success.

I believe that Chancellor Adenauer and his government are guided by the same basic considerations and that his leadership will prove strong enough to hold the German ship of state on an even keel.

The Soviet Challenge

We must, however, not forget that external influences are at work which will do their utmost to deflect German policy from its set course. I am referring, of course, to the action taken by the Soviet Government to delay the reunification of Germany and to obstruct the integration of Germany into a united Europe. It is hard to guess the ultimate intentions of the Soviet Government, but there can be no doubt that one of its immediate purposes is to prevent, as far as possible, the effective implementations of the Paris agreements—in other words, to deny to the West the benefits of a German defense contribution.

The pawn in the Soviet gamble is, of course, the Eastern part of Germany controlled by the U. S. S. R. Not that the Soviet Government has ever promised the return of the Soviet Zone on conditions acceptable to free nations—namely, through free democratic elections—but it has constantly threatened the permanent loss of the Soviet Zone, should the Government and the people of the Federal Republic decide to cast their lot with the West.

For some time now Soviet diplomacy and propaganda have been shifted into high gear to warn not only Germany but the Western nations as well of the consequences of a military alliance. What is more, the Soviet Government has threatened that it may take specific action in the diplomatic and in other fields to penalize the Federal Republic, France, and Great Britain in case of "insubordination." These appeals are directed to German nationalists, to neutralists, and to others who seem susceptible to Soviet blandishments and threats. It is not improbable that these maneuvers will be continued and perhaps intensified as long as the agreements are not consummated. It would therefore be foolish to drop our guard and fatal to relax our efforts in the face of the sustained campaign of the Soviet Union. We must in fact increase our vigilance and redouble our efforts in order to achieve the measure of security that is needed not only for our own protection but for the advancement of the affirmative goals to which we are committed.

I believe, however, that we can now face the Soviet challenge with confidence and with relief. The agreements concluded at Paris offer the best possible guaranty for unity and peace. I shall

not pretend that we, who the last few years had pinned our hopes on the realization of EDC, that is, a supranational European Defense Community, were not disappointed on August 30 when the French National Assembly failed to approve the EDC Treaty. Most of us felt then, and in fact many of us still feel, that the greatest hope for a strong and viable Europe was the creation of a political community with a common market and with an integrated army.

Salvation of European Unity

Those days in early September were fraught with danger. Not only EDC, but the fate of Western unity and the total system of Western defense, hung in the balance. But it was perhaps the very nearness of disaster which stirred the European nations to constructive and statesman-like action and which, in the Secretary's words, proved "the vitality of the Atlantic Community." Europe's critical hour found Western democracy not wanting. The nations assembled in London rose to the challenge. Faced with the alternative of individual prostration or collective security, each of them made his special contribution, which in the aggregate meant the salvation of European unity. Premier Mendès-France agreed to the rearmament of Germany and to the admission of the German army into NATO without discrimination. Chancellor Adenauer volunteered to accept certain restrictions on the size and equipment of the German army. Sir Anthony Eden, in a momentous reversal of traditional British policy, announced the abandonment of Britain's centuries-old "insular story" and committed the stationing of British ground and air forces on the Continent for the purpose of common defense.

What was most remarkable and probably unique in modern history was the fact that the Brussels Treaty, a pact which by intent and definition had been aimed originally at a specific country, namely Germany, was converted into an instrument of alliance and cooperative action with the very country against which it had been directed.

I am mentioning here facts in such detail because I feel that the genesis of the Paris agreement demonstrated the existence of the very elements on which an enduring alliance and, with it, security are founded, namely, a sense of urgency, perspective, and sacrifice.

Furthermore, I believe that the Paris agreements offer assurance of lasting value because

they meet some of the most pressing demands of the member nations. As far as Germany is concerned, they fulfill the wish of the German people for independence and equality and for cooperation with the Western democracies subject only to such limitations as the Government of the Federal Republic agrees to accept. They restore to Germany the authority of a sovereign nation, including the right to rearm. They make Germany a member of the Atlantic Community through admission to NATO. They admit Germany to membership in the Western European Union.

Beyond this, the Paris agreements lay the cornerstone for close cooperation between Germany and France in the one area which throughout modern history has been the traditional scene of conflict between the two nations, namely, armament and defense. The expectation underlying these arrangements is that association in this sensitive and crucial area will be a stimulant to broader and more intimate cooperation in other fields as well and may yet fan to new life the flames of European union.

Finally, the Paris agreements, when fully consummated will, we hope, eliminate once and for all the power vacuum in the heart of Europe and the omnipresent threat of aggression.

Some of you may wonder why I have devoted relatively little attention to German rearmament. I have done this purposely, for I think far too much emphasis has been placed on this phase of the revitalization of Germany. It is, of course, high time that Germany be permitted to make her just and proportionate contribution to the defense of the Western democracies. This, however, is but one attribution of the sovereign role which is again her right, although admittedly it is a very critical and a controversial one.

There are many other important obligations which the Federal Republic must assume as an equal member of the free nations of Europe and the world. It is not the addition of 12 German divisions alone which will repair the strategic balance in favor of the West. While the consolidation of German forces with the fighting powers of the Western European nations and of the United States may go a long way toward removing present conditions of weakness, it is the unity of purpose manifest in the creation of a new Western European Union which can produce the strength that is needed to frustrate the threat of aggression. It will prove beyond the shadow of a

doubt the fallacy and the futility of Soviet policy, which aims at conquest through division and corruption and which tries to perpetuate the unnatural and uncalled-for state of weakness by keeping free nations disunited in open disregard of their true interests. Once this Soviet objective has been frustrated and shackled, a vital part of Soviet strategy will have been foiled. And once Western European Union has become an accomplished fact, the way will be open for us to negotiate from strength.

The future of a free, democratic, and united Germany and the security of the Western World are bound up in this eventuality. Yesterday this was little more than a hope; today it is a project; tomorrow it will be a reality.

Refugee Housing in Germany Nears DM 50 Million Mark

The Foreign Operations Administration Mission in Germany announced on January 5 the recent approval of a grant-in-aid of DM 2,424,000 for a 404-unit refugee housing project in Bochum, which brings the total amount of money made available since last summer by the Foa for refugee housing in Germany to nearly DM 50,000,000. Since the beginning of the Marshall plan, the U.S. Government has made available over DM 750,000,000 for all types of German housing.

Last summer, Foa set aside a grant-in-aid of DM 63,000,000 for housing to accommodate the continuing flow of refugees from the Soviet Zone. Of this sum, DM 20,000,000 was earmarked for housing construction in Berlin. As of December 31, 1954, grants totaling DM 49,743,300, including DM 17,565,400 for Berlin, had been approved.

Under the terms of the program the Foa supplies only a part of the money necessary to finance the construction (except in Berlin, where 100 percent of the construction costs are financed with Foa funds), but the cost of site acquisition is borne by the municipality. The average construction cost per unit in Western Germany was estimated at DM 14,000, of which DM 6,000 is supplied by the Foa. The remainder is financed with funds from the *Land* governments, the Federal Government, and private sources. Thus, the entire program, including Berlin, is expected to generate housing construction costing a total of nearly DM 120,000,000 and providing approximately 8,500 new dwelling units.

Seventy-five percent of the dwelling units built under this program are to be occupied by refugees from the Soviet Zone only. The remaining 25 percent of the dwelling units may be occupied by "natives," but the *Land* governments must ensure that the former quarters used by these "natives" are set aside for occupancy by refugees. Thus, the entire program is designed to ease the shortage of housing caused by the influx of refugees.

The refugee housing program which was started last summer is the second such program to be financed in part by the United States Government. In 1950 the Economic Cooperation Administration provided DM 104,400,000 which, used in conjunction with German funds, financed the construction of approximately 35,000 dwelling units for refugees of all categories.

The bulk of the Foa funds set aside for housing construction in the Federal Republic were allocated to Northrhine-Westphalia and Baden-Württemberg since these two *Laender* absorb 70 percent of the refugees entering the Federal Republic. Northrhine-Westphalia was given a quota of DM 19,909,000, and projects totaling DM 12,291,000 have already been approved. The Bochum housing project, which was approved the latter part of December, is the largest single project in Northrhine-Westphalia so far approved. However, it is anticipated that another project, calling for the construction of 458 dwelling units in Cologne, will be ready for approval within the near future.

The Bochum project is to be located on Buselohstrasse in Böchum-Altenbochum. It will consist of about 25 blocks of three, four, and five-story apartment houses and 40 two-story row houses built for home ownership. It is expected that bids will be called for within the next 2 or 3 weeks so that construction can get under way in early spring. Plans also call for the construction of a school and playgrounds in this area, though Foa funds will not be used in this construction.

Secretary Dulles and Mr. Hammarskjöld Confer on U.N. Mission to Peiping

Press release 35 dated January 19

Secretary Dulles, Ambassador Henry Cabot Lodge, Jr., and Assistant Secretary Walter S. Robertson met with the U.N. Secretary-General,

Dag Hammarskjold, and U.N. Under Secretary Ahmed S. Bokhari on January 19. They conferred for about an hour and a half. Mr. Hammarskjold gave Secretary Dulles a detailed report of the conversations that he had had in Peiping in pursuance of his mandate from the United Nations to make continuing and unremitting efforts to effect the release of captured personnel of the U.N. Command detained by the Chinese Communist regime in violation of the terms of the Korean Armistice.¹

The Secretary-General gave a full account of the information and views that had been exchanged at Peiping on the question of the U.N. Command prisoners and expressed the hope that, given restraint on all sides, it would be possible to effect their release. In the meantime he had made inquiries and received assurances regarding the well-being of the prisoners, and he has transmitted this information to the Secretary of State. This will be transmitted in turn to the families by the U.S. Defense Department.

Secretary Dulles expressed, on behalf of the President and himself, their appreciation of the painstaking efforts which had been made and their hope that the United Nations would persist effectively in the course upon which it had embarked pursuant to the U.N. General Assembly resolution of last December. Secretary Dulles pointed out that there was in the United States a strong sentiment in favor of direct action but that it was the policy of the President for the time being to leave the handling of this matter, insofar as it was covered by the U.N. resolution, to the United Nations itself and to abstain from direct intervention which might embarrass the activities and efforts of the United Nations itself. The Secretary did, however, point out that the U.S. Government and indeed the entire American people were strongly aroused by the unlawful imprisonment of U.S. citizens and that they awaited with eagerness and anxiety the further developments in this matter.

¹ See BULLETIN of Dec. 20, 1954, p. 931, for letters of Dec. 4 and 7 to Mr. Hammarskjold from Henry Cabot Lodge, Jr., U.S. representative to the United Nations, statements of Dec. 6 and 8 by Ambassador Lodge, and the U.N. resolution requesting the Secretary-General to seek the release of "these eleven United Nations Command personnel, and all other captured personnel of the United Nations Command still detained."

Secretary-General Hammarskjold's Mission to Communist China

Press release 31 dated January 18

At his news conference on January 18, Secretary Dulles was asked a series of questions relating to the efforts of Secretary-General Dag Hammarskjold to obtain the release of U.N. Command personnel jailed in Red China. These questions followed this statement by Secretary Dulles:

I have one item of possible interest to report before you put your questions. I have asked Secretary-General Hammarskjold to come to Washington to talk with me, and he and probably Ambassador Lodge will be here tomorrow morning. I want to get a direct, firsthand report from him as to just what took place.

Asked whether the meeting with Mr. Hammarskjold implied doubt on the part of Mr. Dulles that the efforts taken so far have been effective and whether the Secretary was seeking to find whether there was any hope of success, Mr. Dulles replied:

No, I am doing it because I feel that we owe a duty to the families of the prisoners to get all the information we can. I want to get it firsthand for my own guidance and to inform the families. I think it is only right that I should deal with it firsthand, and I will probably be able also to explain to Mr. Hammarskjold the problems which we face here in this country in maintaining a position of standing aside to let the United Nations try to work this problem out. I don't think that can go on forever.

Asked what the basis of his judgment was as to whether the mission is or will be a success or a failure, Secretary Dulles replied:

The mission will be a success when our wrongfully imprisoned flyers are back in the United States. It will not be a success until then.

Asked whether communications on the subject of the airmen would continue to be conducted through the United Nations, the Secretary replied:

At this stage we are relying on the United Nations and we are standing by, as a nation, except as we participate in the United Nations action. Our point of view is quite clear. These men were under United Nations Command, fighting a

United Nations war, and it is up to the United Nations to try to get them out. Now, if it fails and can't get them out, then we will have to deal with the matter ourselves. But as long as there is a reasonable hope in United Nations action we are going to give it a chance to do what it can; and we certainly hope that it will succeed.

Asked whether he felt that the imprisonment by the Chinese of the 11 American airmen is an effort to achieve Chinese entry into the United Nations, Mr. Dulles replied:

I doubt very much whether the Chinese Communists are so stupid as to think that this is a way to get in the United Nations. I think, on the contrary, all it is doing is creating a further impediment toward their getting into the United Nations.

Furthermore, let me correct one point. It is erroneous to talk about 11. Actually there are 15 that are covered. You see, there were the 11 from one plane and 4 pilots of jet planes that were shot down. I wouldn't want anyone to forget those 4 because their being held is fully as indecipherable as the holding of the 11. They are all covered by the Korean Armistice Agreement.

It is hard to fathom what was in the Chinese Communists' minds, but I would doubt very much that they were holding them, and condemning them, for purposes of bargaining. I think they more likely did it for propaganda reasons, to try through forced confessions and the like to indicate to their people that we had been invading what they would call their own territory outside of the area of Korea. Probably, if you were going to have to guess, I would say they were doing it more for propaganda purposes than for external bargaining purposes. That is necessarily speculative.

Asked whether the United States would be agreeable to resuming bilateral negotiations at Geneva on the question of the fliers and the Chinese students, Secretary Dulles replied:

I think I made the position clear that at the present time as far as these men who were serving under the United Nations, and in their command, we are standing outside and letting the United Nations assume responsibility. It has undertaken to try to get these fliers back, and we will give it a fair chance to get them back. So, while it is

working on the matter, we don't intend to possibly cross them up by getting into it independently.

Asked whether independent efforts would be made to obtain the release of the 2 civilians who received prison sentences at the same time as the fliers, since they did not come under the purview of the Hammaraskjold mission, the Secretary replied:

Yes, we are very much concerned about them and with the very considerable number of civilians that are improperly detained by the Chinese Communists. There is quite a large group of them—40 or 50 or thereabouts. We did get a few of them out, and we intend to continue to try to get them all out.

Asked whether there would be any inclination on the part of the State Department not to press for ratification of the mutual defense treaty with the Republic of China during the period of United Nations effort to release the fliers, Secretary Dulles replied:

We expect to continue to request the Foreign Relations Committee and the Senate to proceed rapidly to consider, and we hope to consent to, ratification of that treaty. I believe that it is planned to have initial hearings on the treaty probably next week.

Red Chinese Attack on Offshore Islands

Press release 32 dated January 18

At his news conference on January 18, Secretary Dulles was asked if he had any reports on the attempt of the Chinese Communists to take one of the offshore islands from the Nationalists. Secretary Dulles made the following reply:

I have had some reports about the fighting, which is rather severe apparently around the island of I-chiang, an island which lies, I believe, about 8 miles to the north of the Tachen Islands.

Asked how important the Tachen Islands are to us, the Secretary replied:

I would not say that the Tachen Islands are in any sense essential to the defense of Formosa and the Pescadores, which we do regard as vital to us.

Asked whether they are useful in the defense of those places, Mr. Dulles replied:

Well, that would call for a military judgment rather than one I would want to try to express as a civilian. There is, I believe, on the island a radar point which is perhaps of some utility in picking up possible air attack against Formosa. It lies about 200 miles north of Formosa. But whether the Tachen radar could pick it up and get word to Formosa in advance of the detection of it by radar actually on Formosa I wouldn't know.

Asked whether it had any value to the United States position on Okinawa, the Secretary replied:

No.

Asked whether he was talking about the island that is currently under attack and whether it is considered one of the Tachen group or not, Secretary Dulles replied:

No, it is not one of the Tachen group. It is part of a group of islands most of which actually passed from Nationalist to Communist hands last May. There is a little group of four or five islands there, and most of them were taken over by the Communists about last May. The loss didn't attract any particular attention at that time. Since then, public opinion has been focused more on these little offshore islands than was the case last May. But the island itself (I-chiang) is without any particular importance. It is subject to artillery fire from some of these islands that were taken over last May, and it was not held by any regular forces of the Republic of China.

Asked whether it was correct to say that the Tachen Islands were not essential to the defense of Formosa and the Pescadores, the Secretary replied:

I didn't put it as flatly as that. I put it that that was a matter of military judgment. My own information is that the only relation that it has to the defense of Formosa and the Pescadores is that there is a radar station on the island, and whether or not that radar station can usefully pick up a possible air attack against Formosa and relay knowledge of that to Formosa before that air attack could be detected by the radar on Formosa itself, that is something that I do not have any precise knowledge of. I would say the relationship to the defense of Formosa was at the best marginal.

U. S. Position on Red Chinese Offer to Families of Prisoners

*Statement by Henry Suydam
Chief of the News Division¹*

The Secretary-General of the United Nations was informed during his Peiping discussions that Chinese Communist authorities might permit relatives to visit those United States personnel who had been convicted and those whose cases were under investigation and that they would provide them the necessary entry visas. This morning the Chinese Communists made this announcement.

The United States Government cannot, of course, in good conscience encourage those who may wish to go into an area where the normal protections of an American passport cannot be offered. World public opinion will judge the motives of those who, having it in their power and being under an obligation to end promptly the tragic grief they have caused, now visit upon the families of these imprisoned Americans a harrowing dilemma. It is by releasing those they hold that the Chinese Communists can convincingly show concern for the human sufferings they have caused.

Temporary Return of General Collins

Press release 29 dated January 18

Gen. J. Lawton Collins, Special Representative of the President of the United States in Viet-Nam, has been called to Washington for temporary consultation. General Collins will report on the status of negotiations with respect to U.S. economic aid programs in Viet-Nam and U.S. plans for support of Vietnamese national security programs. General Collins expects to be in the United States about 2 weeks.

Shipment of Anthracite Coal to Free Viet-Nam

The Foreign Operations Administration announced on January 14 that the shipment of 30,000 tons of anthracite coal from Pennsylvania to Free Viet-Nam has begun. The first shipment, about 10,000 tons, left Philadelphia on December 24 and

¹ Made to correspondents on Jan. 21.

is due at Saigon February 11. A second shipload, now loading in Philadelphia, is due to arrive at Saigon in early March, followed by a third at the end of March.

The coal will be sold to utilities and private industries. Proceeds of the sale will be used by the

Vietnamese Government to assist the national economy, as part of the Foa aid program.

All of the coal produced in Viet-Nam comes from anthracite mines in that part of the country which comes under Communist control according to terms of the Geneva Conference.

Travel Regulations for Soviet Citizens in the United States

Press release 1 dated January 3

DEPARTMENT ANNOUNCEMENT

The U.S. Government has extended existing travel regulations for Soviet officials stationed in the United States to include all Soviet citizens in possession of valid Soviet passports other than Soviet citizen officers and employees of the U.N. Secretariat while their conduct is a responsibility of the Secretary-General of the United Nations.

The previous regulations which were instituted March 10, 1952, required that Soviet Embassy personnel, TASS, Amtorg, and certain Soviet press representatives give prior notification of travel more than 25 miles from the centers of Washington, D. C., and New York City, as appropriate, but did not establish barred areas or closed cities in the United States comparable to those areas and cities closed to travel by Americans and other foreigners in the Soviet Union. As made clear in the note to the Soviet Embassy of March 10, 1952, it was hoped that this action would encourage the Soviet Government to effect appropriate relaxation of its travel restrictions.¹

The Soviet Government's action on June 22, 1953, reducing the list of areas and cities closed to travel by foreigners in the U.S.S.R. was welcomed as a possible indication that additional and more substantial steps in this direction might be forthcoming. Unfortunately, this expectation has not been fulfilled, and today approximately 30 percent of the land area of the U.S.S.R. remains closed to travel by American citizens or other foreigners.

It has now been decided to establish the travel regulations outlined in this Government's note of

January 3, 1955, which are comparable to those which the Soviet Union has imposed, presumably for reasons of security, on the movement of American citizens and other foreigners in the Soviet Union. Should the Soviet Union conclude that the international situation were such that security requirements enabled it to liberalize its regulations restricting the travel of U.S. citizens in the Soviet Union, the U.S. Government would in turn be disposed to reconsider in the same spirit its own security requirements.

U.S. NOTE OF JANUARY 3

The Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics² and has the honor to state that the following regulations have been instituted and will apply until further notice to travel in the United States by Soviet citizens in possession of valid passports issued by the Government of the Union of Soviet Socialist Republics other than Soviet citizen officers and employees of the Secretariat of the United Nations while their conduct is a responsibility of the Secretary General of the United Nations.

Travel will be permitted throughout the United States except in the border zones described in enclosure No. 1, the states and counties listed in enclosure No. 2, those cities which are listed in enclosure No. 3 as closed cities in otherwise open areas, or as otherwise indicated below. Enclosure No. 4 lists open cities in otherwise closed areas.

The prior notification of travel procedure set forth in the Department's note of March 10, 1952

¹For text of the U.S. note and for background information on Soviet travel restrictions, see BULLETIN of Mar. 24, 1952, pp. 451-452.

²Georgi N. Zaroubin.

is extended to include all resident Soviet citizens who are in possession of valid passports issued by the Government of the Union of Soviet Socialist Republics other than Soviet Officers and employees of the Secretariat of the United Nations while their conduct is a responsibility of the Secretary General of the United Nations. Soviet citizens who are temporarily admitted to the United States for some specific purpose which does not involve temporary residence in Washington, District of Columbia, or New York, New York, will not be subject to the prior notification of travel requirement. At the discretion of the Department, they may also be granted access to a closed city or area if their presence in such city or area is germane to the purpose of the visit for which admitted.

Notifications will be addressed to the Department of State, the Army, Navy or Air Force foreign liaison offices, or the United States Mission to the United Nations in New York, New York, as appropriate at least forty-eight hours in advance of anticipated travel of more than twenty-five miles distance from the centers of Washington, D. C., or New York, New York. Each notification should contain the name of the traveler or travelers and detailed information concerning the projected travel including itinerary, mode or modes of travel, points and duration of stopovers, and specific routes and carriers if transiting closed areas. Other than for large cities, place names should be identified by county and state.

Transit travel by railroad or commercial airlines through closed areas will be permitted when such travel is necessary to reach open areas or open cities in otherwise closed areas. Soviet citizens engaging in such transit travel are not to leave the immediate vicinity of any air or rail terminal located in a closed area or city except where necessary to effect air or rail connection for continuing the travel. The transit of closed areas by automobile or bus will not normally be permitted except by specified routes without intermediate stops between Washington, D. C., and New York, New York; Washington, D. C., and Baltimore, Maryland; New York, New York, and the Oyster Bay, New York area; Washington, D. C., and the open areas to the south and west. These routes are specified in enclosure No. 5. Applications for exceptional access to recreation and resort areas which fall in a closed area will be considered on the merits of each such application.

The foregoing regulations are comparable to those which the Soviet Union has imposed, presumably for reasons of security, on the movement of United States citizens in the Soviet Union. If the Soviet Union should hereafter conclude that the international situation were such that security requirements enabled it to liberalize its regulations restricting the travel of United States citizens in the Soviet Union, this Government would in turn be disposed to reconsider in the same spirit its own security requirements.

Enclosures:

1. Border Zones Closed to Travel by Soviet Citizens in Possession of Union of Soviet Socialist Republics Passports.
2. States and Counties Closed to Travel by Soviet Citizens in Possession of Union of Soviet Socialist Republics Passports.
3. Cities in Otherwise Open Areas Which are Closed to Travel by Soviet Citizens in Possession of Union of Soviet Socialist Republics Passports.
4. Cities in Otherwise Closed Areas Which are Open to Travel by Soviet Citizens in Possession of Union of Soviet Socialist Republics Passports.
5. Specified Routes of Automotive Transit Through Areas Closed to Travel by Soviet Citizens in Possession of Union of Soviet Socialist Republics Passports.

Border Zones Closed to Travel by Soviet Citizens in Possession of U.S.S.R. Passports

1. U.S.A.-Canadian Border

In addition to the shores of the Great Lakes included within closed areas, the following lake shores are closed by a band fifteen miles wide in the states and counties listed:

- a. Lake Superior: Minnesota—Cook, Lake, St. Louis; Wisconsin—Douglas, Bayfield, Ashland, Iron; Michigan—Gogebic, Ontonagon, Houghton, Keweenaw, Baraga, Marquette, Alger, Luce, Chippewa, Mackinac and Drummond Island.
- b. Lake Michigan: Michigan—Emmet.
- c. Lake Huron: Michigan—Cheboygan, Presque Isle, Alpena, Alcona, Iosco, Arenac.
- d. Lake Erie: Ohio—Lake, Ashtabula.

2. U.S.A.-Mexican Border

In addition to San Diego County, California, the Mexican border is closed by a band fifteen miles wide except for that portion of the border which falls in Webb County, Texas.

States and Counties Closed to Travel by Soviet Citizens in Possession of U.S.S.R. Passports

Alabama: Colbert, Lauderdale, Limestone, Madison.

Arizona: Maricopa, Mohave, Yavapai.

California: Alameda, Contra Costa, Los Angeles, Marin, Monterey, Merced, Napa, Orange, Sacramento, San Benito,

San Diego, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Cruz, Santa Clara, Solano, Sonoma, Ventura, Yolo.

Colorado: Adams, Alamosa, Arapahoe, Archuleta, Boulder, Chaffee, Clear Creek, Conejos, Costilla, Custer, Delta, Denver, Douglas, Elbert, El Paso, Fremont, Gilpin, Gunnison, Hinsdale, Huerfano, Jefferson, Lake, Mesa, Mineral, Montrose, Ouray, Park, Pitkin, Pueblo, Rio Grande, Saguache, Teller.

Connecticut.

Delaware.

Georgia: Bryan, Bullock, Burke, Chatham, Effingham, Jenkins, Richmond, Screven.

Idaho: Benewah, Bingham, Bonneville, Butte, Clark, Custer, Fremont, Idaho, Jefferson, Latah, Lemhi, Lewis, Madison, Nez Perce, Teton, Valley.

Illinois: Adams, Alexander, Brown, Calhoun, Clinton, Cook, Du Page, Edgar, Edwards, Franklin, Gallatin, Greene, Grundy, Hamilton, Hancock, Hardin, Henderson, Iroquois, Jackson, Jefferson, Jersey, Johnson, Kane, Kankakee, Kendall, Lake, McHenry, Madison, Marion, Massac, Mercer, Monroe, Perry, Pike, Pope, Pulaski, Randolph, Rock Island, St. Clair, Saline, Union, Vermillion, Wabash, Washington, Wayne, White, Will, Williamson.

Indiana: Adams, Allen, Benton, Blackford, Boone, Carroll, Cass, Clay, Clinton, Dearborn, Decatur, De Kalb, Delaware, Elkhart, Fayette, Fountain, Franklin, Fulton, Gibson, Grant, Hamilton, Hancock, Hendricks, Henry, Howard, Huntington, Jasper, Jay, Johnson, Kosciusko, Lagrange, Lake, La Porte, Madison, Marion, Marshall, Miami, Montgomery, Morgan, Newton, Noble, Ohio, Owen, Parke, Porter, Posey, Pulaski, Putnam, Randolph, Rush, St. Joseph, Shelby, Starke, Steuben, Tippecanoe, Tipton, Union, Vanderburgh, Vermillion, Vigo, Wabash, Warren, Warrick, Wayne, Wells, White, Whitley.

Iowa: Des Moines, Henry, Lee, Louisa, Muscatine, Scott.

Kansas: Anderson, Atchison, Brown, Butler, Chase, Chautauqua, Coffey, Cowley, Dickinson, Doniphan, Douglas, Elk, Franklin, Geary, Greenwood, Harvey, Jackson, Jefferson, Johnson, Leavenworth, Linn, Lyon, McPherson, Marion, Marshall, Miami, Morris, Nemaha, Osage, Pottawatomie, Riley, Saline, Sedgwick, Shawnee, Sumner, Wabunsee, Wyandotte.

Kentucky: Ballard, Boone, Caldwell, Campbell, Christian, Crittenden, Henderson, Hopkins, Kenton, Livingston, Logan, Lyon, McCracken, Muhlenberg, Todd, Trigg, Union, Webster.

Louisiana: Acadia, Ascension, Assumption, Caddo, Calcasieu, Cameron, De Soto, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, Point Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermillion, West Baton Rouge, West Feliciana.

Maine: Androscoggin, Arrostook, Cumberland, Hancock, Kennebec, Knox, Lincoln, Penobscot, Sagadahoc, Waldo, Washington, York.

Maryland: Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Cecil, Charles, Dorchester, Frederick, Harford,

Howard, Kent, Queen Annes, St. Marys, Somerset, Talbot, Washington, Wicomico, Worcester.

Massachusetts.

Michigan: Bay, Genesee, Hillsdale, Huron, Ingham, Jackson, Lapeer, Lenawee, Livingston, Macomb, Midland, Monroe, Oakland, Saginaw, St. Clair, Sanilac, Shiawassee, Tuscola, Washtenaw, Wayne.

Missouri: Bollinger, Cape Girardeau, Clark, Jefferson, Lewis, Lincoln, Madison, Marion, Perry, Pike, Ralls, St. Charles, St. Francois, Ste. Genevieve, St. Louis, St. Louis City.

Montana: Beaverhead, Deer Lodge, Silver Bow.

Nebraska: Cass, Douglas, Gage, Johnson, Lancaster, Nemaha, Otoe, Pawnee, Richardson, Sarpy.

Nevada: Clark, Lincoln, Nye.

New Hampshire: Cheshire, Hillsboro, Rockingham, Strafford.

New Jersey: Atlantic, Burlington, Camden, Cape May, Cumberland, Essex, Gloucester, Hunterdon, Mercer, Middlesex,³ Monmouth,³ Morris,³ Ocean, Passaic,³ Salem, Somerset, Union, Warren.

New Mexico: Bernalillo, Los Alamos, Rio Arriba, Sandoval, Santa Fe, Taos, Torrance.

New York: Albany, Broome, Cayuga, Chautauqua, Chenango, Cortland, Delaware, Erie, Greene, Jefferson, Kings (Brooklyn), Madison, Monroe, Nassau,⁴ Niagara, Oneida, Onondaga, Orleans, Oswego, Otsego, Schoenectady, Schoharie, Suffolk, Wayne.

North Dakota: Adams, Billings, Bottineau, Bowman, Burke, Burleigh, Divide, Dunn, Emmons, Golden Valley, Grant, Hettinger, Kidder, Logan, McHenry, McIntosh, McKenzie, McLean, Mercer, Morton, Mountrail, Oliver, Renville, Sheridan, Sioux, Slope, Stark, Ward, Williams.

Ohio: Allen, Ashland, Auglaize, Butler, Champaign, Clark, Crawford, Cuyahoga, Darke, Defiance, Delaware, Erie, Franklin, Fulton, Greene, Hamilton, Hancock, Hardin, Henry, Huron, Jackson, Logan, Lorain, Lucas, Madison, Marion, Medina, Mercer, Miami, Montgomery, Morrow, Ottawa, Paulding, Pickaway, Pike, Preble, Putnam, Richland,³ Ross, Sandusky, Scioto, Seneca, Shelby, Stark, Summit, Union, Van Wert, Wayne, Williams, Wood, Wyandot.

Oklahoma: Creek, Kay, Lincoln, Logan, Noble, Oklahoma, Osage, Pawnee, Payne, Tulsa, Washington.

Pennsylvania: Adams, Allegheny, Armstrong, Beaver, Bedford, Berks, Bucks, Butler, Carbon, Chester, Columbia, Cumberland, Dauphin, Delaware, Erie, Fayette, Franklin, Fulton, Greene, Huntingdon, Juniata, Lancaster, Lawrence, Lebanon, Lehigh, Luzerne, Mifflin, Montgomery, Montour, Northampton, Northumberland, Perry, Philadelphia, Schuylkill, Somerset, Union, Washington, Westmoreland, York.

Rhode Island.

South Carolina: Aiken, Allendale, Bamberg, Barnwell, Beaufort, Berkeley, Charleston, Colleton, Dorchester, Hampton, Jasper, Orangeburg.

South Dakota: Armstrong, Aurora, Bennett, Bon Homme, Brule, Buffalo, Butte, Campbell, Charles Mix,

³ Closed except for those portions of these counties which lie less than 25 air miles from the center of New York, New York.

⁴ Closed except for Oyster Bay area north of Route 25A.

Clay, Corson, Custer, Davison, Dewey, Douglas, Edmunds, Faulk, Gregory, Haakon, Hand, Hanson, Harding, Hughes, Hutchinson, Hyde, Jackson, Jerauld, Jones, Lawrence, Lincoln, Lyman, McCook, McPherson, Meade, Mellette, Minnehaha, Pennington, Perkins, Potter, Stanley, Sully, Todd, Tripp, Turner, Union, Walworth, Washabaugh, Yankton, Ziebach.

Tennessee: Anderson, Bedford, Bledsoe, Blount, Bradley, Campbell, Cannon, Cheatham, Clay, Coffee, Cumberland, Davidson, De Kalb, Dickson, Fentress, Franklin, Giles, Grundy, Hamilton, Hickman, Houston, Humphreys, Jackson, Knox, Lake, Lawrence, Lewis, Lincoln, Loudon, McMinn, Macon, Marion, Marshall, Maury, Meigs, Monroe, Montgomery, Moore, Morgan, Overton, Perry, Pickett, Polk, Putnam, Rhea, Roane, Robertson, Rutherford, Scott, Sequatchie, Sevier, Smith, Stewart, Sumner, Trousdale, Union, Van Buren, Warren, Wayne, White, Williamson, Wilson.

Texas: Anderson, Aransas, Armstrong, Austin, Bastrop, Bell, Bexar, Bowie, Brazoria, Brazos, Burleson, Caldwell, Calhoun, Camp, Carson, Cass, Chambers, Cherokee, Collingsworth, Colorado, Comal, Dallam, Dallas, Deaf Smith, Delta, De Witt, Donley, Ellis, Falls, Fayette, Fort Bend, Franklin, Freestone, Galveston, Goliad, Gonzales, Gray, Gregg, Grimes, Guadalupe, Hansford, Hardin, Harris, Harrison, Hartley, Hays, Hemphill, Henderson, Hill, Hopkins, Hutchinson, Jackson, Jefferson, Johnson, Karnes, Kaufman, Lamar, Lavaca, Lee, Leon, Liberty, Limestone, Lipscomb, Madison, Marion, Matagorda, Milam, Montgomery, Moore, Morris, Navarro, Ochiltree, Oldham, Orange, Panola, Parker, Potter, Rains, Randall, Red River, Refugio, Roberts, Robertson, Rockwall, Rusk, San Jacinto, Shelby, Sherman, Smith, Tarrant, Titus, Travis, Upshur, Van Zandt, Victoria, Walker, Waller, Washington, Wharton, Wheeler, Williamson, Wilson, Wood.

Virginia: Accomac, Albemarle, Alleghany, Augusta, Bath, Charles City, Clarke, Culpeper, Elizabeth City, Essex, Fauquier, Frederick, Gloucester, Greene, Highland, Isle of Wight, James City, King and Queen, King George, King William, Lancaster, Loudoun, Madison, Matthews, Middlesex, Nansemond, Nelson, New Kent, Norfolk, Northampton, Northumberland, Orange, Page, Princess Anne, Prince William, Rappahannock, Richmond, Rockbridge, Rockingham, Shenandoah, Stafford, Surry, Warren, Warwick, Westmoreland, York.

Washington: Adams, Asotin, Benton, Clark, Columbia, Cowlitz, Douglas, Franklin, Garfield, Grant, King, Kittitas, Klickitat, Lewis, Lincoln, Pierce, Skamania, Snohomish, Spokane, Thurston, Walla Walla, Whitman, Yakima.

West Virginia: Brooke, Hancock, Marshall, Ohio.

Wisconsin: Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington, Waukesha.

Cities in Otherwise Open Areas Which are Closed to Travel by Soviet Citizens in Possession of U.S.S.R. Passports

Ashland, Kentucky
Atlanta, Georgia
Birmingham, Alabama

Charleston, West Virginia
Gadsden, Alabama
Huntington, West Virginia

Johnstown, Pennsylvania
Kalamazoo, Michigan
Kansas City, Missouri
Louisville, Kentucky
Memphis, Tennessee

Portland, Oregon
St. Paul, Minnesota
San Bernardino, California
Steubenville, Ohio
Youngstown, Ohio

Cities in Otherwise Closed Areas Which are Open to Travel by Soviet Citizens in Possession of U.S.S.R. Passports

Atlantic City, New Jersey
Austin, Texas
Baltimore, Maryland
Berkeley, California
Cambridge, Massachusetts
Camden, New Jersey
Canton, Ohio
Chattanooga, Tennessee
Chicago, Illinois
Cincinnati, Ohio
Cleveland, Ohio
Dearborn, Michigan
Elizabeth, New Jersey
El Paso, Texas
Evansville, Indiana
Fall River, Massachusetts
Fort Wayne, Indiana
Fort Worth, Texas
Gary, Indiana
Glendale, California
Hammond, Indiana
Houston, Texas
Kansas City, Kansas
Knoxville, Tennessee
Lansing, Michigan
Lincoln, Nebraska
Long Beach, California
Los Angeles, California^{*}
Lowell, Massachusetts
Lynn, Massachusetts
Milwaukee, Wisconsin
Nashville, Tennessee
New Bedford, Massachusetts

New Haven, Connecticut
New Orleans, Louisiana^{*}
New York, New York^{*}
Niagara Falls, New York
Oklahoma City, Oklahoma
Omaha, Nebraska
Pasadena, California
Phoenix, Arizona
Quincy, Massachusetts
Reading, Pennsylvania
Richmond, California
Sacramento, California
Saginaw, Michigan
St. Louis, Missouri
San Antonio, Texas
San Francisco, California^{*}
San Jose, California
Savannah, Georgia^{*}
Seattle, Washington^{*}
Shreveport, Louisiana
Somerville, Massachusetts
South Bend, Indiana
Spokane, Washington
Tacoma, Washington
Trenton, New Jersey
Tulsa, Oklahoma
Utica, New York
Washington, District of Columbia
Waterbury, Connecticut
Wichita, Kansas
Worcester, Massachusetts

Specified Routes of Automotive Transit Through Areas Closed to Travel by Soviet Citizens in Possession of U.S.S.R. Passports

1. From Washington, D. C., and return:

(a) To Baltimore via U. S. Route No. 1 or Washington-Baltimore Expressway.

(b) To West Virginia via Virginia Route No. 7 and Route No. 9.

(c) To Spotsylvania County, Virginia, via U. S. Route No. 1.

2. From Baltimore, Maryland, to New York, New York,

^{*} Open except for port areas of these cities.

^{*} Open except for Borough of Brooklyn (Kings County, N. Y.)

and return through Farnhurst, Delaware, via U. S. Route No. 40 and New Jersey Turnpike.

3. From New York, New York, and return:

(a) To Baltimore, Maryland, and Washington, D. C., (See 1 and 2 above).

(b) To Oyster Bay, New York area via New York Route 25 A.

SOVIET NOTE OF JUNE 22, 1953

As amended by the Soviet Government's addition on November 12, 1953, of the towns of Kronshadt, Balaklava, Severomorsk, Rosta, and Yokanga to the list of closed cities, the following note of June 22, 1953, sets forth the restrictions on travel by American citizens in the Soviet Union:

The Ministry of Foreign Affairs of the USSR presents its compliments to the Embassy of the United States of America and has the honor to state that, by a decree of the Government of the USSR amending the lists of points and localities of the USSR forbidden to visits by foreigners which were communicated in the notes of September 30, 1948¹ No. 1130/PR and January 15, 1952² No. 46/PR, free movement over the territory of the USSR is permitted except for the points and localities set forth in the attached list.

In addition, travel in automobiles of embassies and missions is permitted on the Leningrad, Yaroslavl and Serpukhov highways beyond the limits of the 40 kilometer zone around Moscow on condition of travelling in transit beyond the borders of Moscow Oblast with the right of stopping only in the cities of Klin and Zagorsk.

There is retained the system of preliminary notification to the Ministry of Foreign Affairs of the USSR or the Ministry of Defense of the USSR by foreign embassies and missions regarding trips by their chiefs and staff members over the territory of the Soviet Union in those cases when they travel beyond the limits of the 40 kilometer zone.

List of Points and Localities of the USSR Forbidden to Visits by Foreigners

A 25-kilometer zone along the frontier of the USSR with Norway, Finland, Turkey, Iran and Afghanistan;

¹ BULLETIN of Oct. 24, 1948, p. 525.

² Not printed. For a map showing areas and cities closed to foreign travel as of Jan. 15, 1952, see *Ibid.*, Mar. 24, 1952, facing p. 451.

the city of Polyarny in Murmansk Oblast and the city of Molotovsk in the Archangel Oblast;

the Estonian, Latvian, Lithuanian SSR's and the Kaliningrad Oblast;

the city of Nikolaev and the western oblasts of the Ukrainian SSR;

the cities of Sevastopol, Feodosiya and Kerch in the Crimean Oblast;

the Apsheronski Peninsula (except the city of Baku), the raions of the Azerbaidzhan SSR located south of the automobile highway Baku-Kirovabad-Tbilisi, and also the Nakhichevanskaya ASSR, with right of travelling in transit on the Tbilisi-Baku railroad;

the Mordovskaya and Udmurtskaya ASSR's;

Gorki Oblast (except the city of Gorki), and also the raions of Stalingrad and Astrakhan Oblasts (except the city of Astrakhan) located east of the Volga;

the Molotov, Sverdlovsk and Chelyabinsk Oblasts;

the cities of Omsk, Novosibirsk, Tomsk, Krasnoyarsk, Irkutsk, water travel on the Yenisei River, and the Taimyr National Okrug;

the Buryat-Mongol ASSR, Primorski Krai (except the Port of Nakhodka), Kamchatskaya Oblast, Chukotski National Okrug, the eastern raions of Khabarovski Krai, and Sakhalin Oblast;

Karagandinskaya, Pavlodarskaya, Semipalatinskaya, Gurevskaya Oblasts, and also the raions of the Zapadno-Kazakhstanskaya Oblast of the Kazakh SSR located west of the Ural River;

the Issyk-Kulskaya, Talasskaya and Tyan-Shanskaya Oblasts of the Kirgiz SSR;

the Tadzhik SSR (except the city of Stalinabad);

Tashkent Oblast of the Uzbek SSR (except the city of Tashkent) and the Kara-Kalpakskaya ASSR;

Krasnovodskaya Oblast in the Turkmen SSR;

Moscow Oblast except the cities of Klin, Zagorsk and also a zone of 40-kilometer radius from the center of the city of Moscow.

Within this zone entry into the following raions is forbidden:

Solnechnogorski, Dmitrovski, Khimkinski (except the river port), Krasnopolianski, Shchelkovski, and also the Uchinski Reservoir;

the part of Zvenigorodski south of the Rublevo-Uspenski highway, and Kuntsevski west of the inhabited points of Mamonovo, Bakovka, Perebelkino, Fedosino, and also travel on the Krasnogorski and Podushkinski highways;

the part of the Lenin Raion east of the Moscow-Kashir railroad and south of the inhabited points of Ostrov, Prudishche, and station Bulatnikovo;

the part of the Balashikhinski Raion east of the inhabited points of Nikolskoe, Station Zheleznodorozhnaya, Sobolikhia;

the part of the Ramenski Raion northeast of the Moscow and Pekhorka Rivers.

Note: Entry and exit through the port of Nakhodka-City of Vladivostok is permitted in transit on the Trans-Siberian Railroad without the right of stopping in the city of Vladivostok.

Regulations on Photography and Sketching by Soviet Citizens in U.S.

Press release 34 dated January 19

DEPARTMENT ANNOUNCEMENT

The U.S. Government has instituted regulations governing photography and sketching in the United States by Soviet citizens in possession of valid Soviet passports other than Soviet citizen officers and employees of the U.N. Secretariat while their conduct is a responsibility of the Secretary-General of the United Nations. These regulations are comparable to present Soviet regulations restricting photography and sketching by U.S. citizens and other foreigners in the Soviet Union which presumably have been instituted for reasons of security.

Inasmuch as the essence of these regulations would be circumvented by the procurement here of certain photographic or cartographic materials which are not available in the Soviet Union for procurement by U.S. citizens, it was deemed necessary specifically to prohibit the procurement by Soviet citizens of materials of this kind.

As stated in the U.S. Government's note of January 19, 1955, should the Soviet Union conclude that the international situation were such that security requirements enabled it to liberalize its regulations restricting photography and sketching by U.S. citizens in the Soviet Union and to make available to them materials of the types noted, this Government would in turn be disposed to reconsider its own security requirements in the same spirit.

U.S. NOTE OF JANUARY 19

The Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics¹ and has the honor to state that the following regulations have been instituted and will apply until further notice to photography and sketching in the United States by Soviet citizens in possession of valid passports issued by the Government of the Union of Soviet Socialist Republics other than Soviet citizen officers and employees of the Secretariat of the United Nations while their conduct is a responsi-

¹ Georgi N. Zaroubin.

bility of the Secretary General of the United Nations.

Soviet citizens in the United States are permitted to sketch or take photographs of historical and architectural monuments; the buildings of cultural, educational and medical institutions; theaters, museums, city, State or national parks; stadiums; and also urban and rural scenes in the background of which there are none of the objects listed below in points a. through g.

In industrial enterprises engaged in the manufacture of civilian products, agricultural experimental stations, railroad stations, commercial airports, river or lake port installations and governmental institutions, Soviet citizens may, in individual cases, make sketches or take photographs provided that they have first obtained the permission of the administration of these institutions and organizations.

Citizens of the Union of Soviet Socialist Republics in the United States may not sketch or take photographs:

- a. Of military objects, installations, technology and armaments.
- b. Of fuel storage depots.
- c. Of seaports, hydroelectric, thermoelectric or nuclear power installations, bridges, railroad junctions, terminals, and tunnels.
- d. Of industrial establishments except those engaged solely in civilian production.
- e. Of scientific research institutions, offices and laboratories.
- f. Of radio, television, telephone and telegraph stations or facilities.
- g. From airplanes on flights over territory of the United States.

Citizens of the Union of Soviet Socialist Republics in the United States may not purchase or otherwise procure the following except where they appear in or are appendices to newspapers, periodicals, technical journals, atlases and books commercially available to the general public:

- a. Aerial photographs, mosaics and photomaps.
- b. Maps and charts of scale of or larger than 1:250,000.
- c. Navigational and hydrographic maps and charts.
- d. Panoramic photographs or detailed development plans of industrial cities.

The foregoing regulations are comparable to present Soviet regulations restricting photography and sketching by United States citizens in the Soviet Union which presumably have been instituted for reasons of security. If the Soviet Union should hereafter conclude that the international situation were such that security requirements enabled it to liberalize its regulations restricting photography and sketching by United States citizens in the Soviet Union and to make available to them materials of the types noted above, this Government would in turn be disposed to reconsider its own security requirements in the same spirit.

**SOVIET RESTRICTIONS APPLICABLE TO
PHOTOGRAPHY AND SKETCHING
BY U. S. CITIZENS IN THE SOVIET UNION**

The Soviet regulations which restrict photography and sketching by U. S. citizens and other foreigners in the Soviet Union are contained in the Soviet Ministry of Foreign Affairs Circular Note No. 42 of February 11, 1954, the text of which follows:

The Protocol Section of the Ministry of Foreign Affairs of the U. S. S. R. presents its compliments to the Embassies and Missions and, in connection with the question of a number of Embassies and Missions regarding the regulations for photography on the territory of the U. S. S. R., has the honor to state that according to existing regulations foreign citizens:

1. Are permitted on the whole territory of the U. S. S. R., except points and localities which foreigners are forbidden to visit, to take photographs and also to sketch architectural monuments; buildings of cultural, educational and medical institutions; educational institutions; theaters; museums; parks of culture and rest, stadiums; streets and squares; living quarters; and also scenes and landscapes in the background of which there are none of the objects listed below in points "a," "b," "c," "d," and "e." At industrial enterprises engaged in the manufacture of civilian products, state farms, collective farms and MTS [machine and tractor stations], railroad stations, airdromes, river ports, governmental institutions, educational institutions, and social organizations photographs and sketches may, in individual cases, be made with the permission of the administration of these institutions and organizations.

2. The taking of photographs and sketching are forbidden:

- a. In the 25 kilometer frontier zone, except for the places and localities which foreigners are not prohibited from visiting, where they are permitted to photograph the objects listed in point 1;

- b. Of all types of military technology and armaments,

all military objects and institutions and storage places of combustibles;

- c. Of seaports, large hydroelectric installations (sluices, dams, pumping stations), railroad junctions, tunnels, railroad and highway bridges;

- d. Of industrial establishments, scientific research institutions, design offices, laboratories, electric power stations, radio beacons, radio stations, telephone and telegraph stations;

- e. From airplanes on flights over territory of the U. S. S. R. and also surface panoramic photographs and sketches of industrial cities.

Egyptian Radioisotope Training Program

The Department of State announced on January 21 (press release 38) that two Egyptian scientists, Dr. Fathy Abd El Sattar Sallam of the Department of Internal Medicine, University of Cairo, and Kamal El Din Abd El Aziz Mahmoud of the University's Department of Physics, would arrive at Washington on that date to begin a study of the use of radioisotopes in this country. They will be joined later by other scientists from Egypt.

Last October the Egyptian Government asked the U.S. Government for assistance in initiating a program for the peaceful use of atomic energy. The U.S. Government agreed and designated the Department of the Navy to arrange the program. The Department of State, the Atomic Energy Commission, the Department of Defense, the National Research Council, the National Institutes of Health, the Carnegie Foundation, and some 20 U.S. universities will collaborate in the project, which ultimately will be expanded to include the use of radioisotopes in other fields such as agriculture and industry.

The Egyptian scientists will be given an initial course of instruction at the radioisotopes center at the National Naval Medical Center, Bethesda, Md. The second phase of their study will be at Oak Ridge, followed by special training at various American universities and government laboratories.

Laboratory equipment will be assembled at the National Naval Medical Center next May, and the team of Egyptian scientists will operate their unit there for several weeks. The equipment then will be transferred to Cairo, where it will be set up in the Egyptian National Research Council building.

Activities Under the Agricultural Trade Development and Assistance Act

MESSAGE FROM THE PRESIDENT TO THE CONGRESS¹

To the Congress of the United States:

I transmit herewith my first semiannual report on the activities carried on under Public Law 480, 83d Congress, as required by that Law.

Public Law 480 is an expression by Congress of its determination to deal with the abundance of our agricultural production in a constructive way. Despite the problems created by this abundance, we may be thankful we live in a land which is able to produce plentifully rather than one which suffers the affliction of food shortages.

The enclosed report includes the dollar value of the foreign currency for which commodities exported pursuant to section 102 (a) of the act have been sold, as well as the estimated order of magnitude of the total country programs which have been generally agreed on but not fully negotiated, together with the cost to the Commodity Credit Corporation of such sales. The report also contains a summary of the policies and operating techniques evolved for the administration of the act during the first six months of its existence.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *January 10, 1955.*

Introduction

The Agricultural Trade Development and Assistance Act (Public Law 480) combines many different purposes. It affects many aspects of both our domestic and foreign economic policies. It directly involves participation by five departments and agencies and affects the area of interest of several more. Public Law 480 is the result of long congressional consideration of many bills designed

to contribute to the solution of our problem of agricultural surpluses through expansion of the movement of such commodities abroad. It combines features of many bills providing for acceptance of foreign currencies in payment for surplus commodities and includes provisions of the Famine Relief Act of 1953.

For these reasons I deem it desirable, before delineating activities under the act, to review briefly its principal provisions and indicate its relationship to the total agricultural problem in the United States, our foreign economic policies, and other agricultural disposal programs of the Government.

Provisions of the Law

The act declares it to be the policy of Congress—to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefor.

It further declares it to be the policy of Congress to use foreign currency accruing under the act—to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States.

Title I authorizes the President to enter into agreements with friendly nations providing for the sale of surplus commodities for foreign currencies. In negotiating such agreements the

¹ H. Doc. 62, 84th Cong., 1st sess.; transmitted on Jan. 10. For text of the President's statement on signing the act, see BULLETIN of Aug. 2, 1954, p. 165.

President is required, among other things, to take reasonable precautions to safeguard usual marketings of the United States and to assure that sales for foreign currencies will not unduly disrupt world prices, to take appropriate steps to assure the use of private trade channels, and to give special consideration to the development and expansion of demand abroad for agricultural commodities.

The President is authorized to use, in agreement with the country concerned, foreign currencies accruing from sales for eight separate purposes. Foreign currencies may be used for these purposes without regard to section 1415 of the Supplemental Appropriations Act of 1953,² except that section 1415 is required to be applied to the use of at least 10 percent of the total foreign currency proceeds of sales and to all use of currencies as grants for financing the purchase of goods or services for other countries, for promoting economic development and trade, or for payment of United States obligations abroad. The President may, however, waive the applicability of section 1415 in any case in which he finds that such applicability would be inappropriate or inconsistent with the purposes of the title.

Title II of the act authorizes the President to furnish, out of Commodity Credit Corporation stocks and on a grant basis, surplus agricultural commodities to friendly governments or peoples to assist in meeting famine or other urgent relief requirements or to—

assist programs undertaken with friendly governments or through voluntary relief agencies.

Title III amends and liberalizes the Agricultural Act of 1949 by providing additional authority to dispose for various purposes of commodities owned or controlled by the Ccc. It authorizes the Ccc to pay reprocessing, packaging, handling, and transportation charges on donated commodities up to time of delivery to a designated agency for domestic distribution or to shipside in the case of distribution abroad. Section 303, while containing no new legal authority, establishes a policy of encouraging the barter of surplus commodities for strategic materials or for goods required

² Sec. 1415 provides that foreign currencies owned by the United States can be used only as authorized through the appropriation process. In practice this generally means that appropriated funds must be used to purchase such currencies from the Treasury when they are to be used. [Footnote in the original.]

in the foreign assistance program or offshore construction.

Appropriation.—Transactions over a 3-year period under title I are limited to an amount which would require an appropriation not to exceed \$700 million to reimburse the Ccc for its losses³ in the commodities disposed of or for its cost of disposal. Costs of transfers under title II for the 3-year period are limited to \$300 million, including the Ccc investment in the commodities. No transactions under either title may take place after June 30, 1957.

Executive Order No. 10560

Executive Order No. 10560,⁴ September 9, 1954, delegates authority vested in the President for administration of Public Law 480. Primary responsibility for sales for foreign currency is assigned to the Secretary of Agriculture. All functions conferred on the President by title II of the act are delegated to the Director of the Foreign Operations Administration.

Interagency Committee

Because of the complexity of the act and the interdepartmental interest, it is imperative that the administration of the act be effectively coordinated. To this end I directed, by letter dated September 9, 1954,⁵ that there be established an Interagency Committee on Agricultural Surplus Disposal—

to assist the agencies concerned in bringing into harmonious action, consistent with the overall policy objectives of this Government, the various agricultural disposal activities vested in them by, or assigned to them pursuant to, the Act.

It was directed that the Committee should be composed of a representative of the White House Office as Chairman and one representative of each Government department or agency designated by the Chairman. The Chairman was made responsible for advising the President concerning policy issues. The Committee now consists of the Chair-

³ Dollars received through the purchase of foreign currencies by any agency of the United States for its use abroad reduce the Ccc loss on sales for foreign currencies. However, currencies received from sales but which are used by such agency without purchase are not an offset to the loss to Ccc of its investment in the commodities disposed of under the act. [Footnote in the original.]

⁴ BULLETIN of Oct. 4, 1954, p. 501.

⁵ *Ibid.*, p. 500.

man, Mr. Clarence Francis, and senior officials of the Departments of Agriculture, Commerce, Treasury, and State; the Foreign Operations Administration; and the Bureau of the Budget.

Staff Committee

My letter of September 9 also stated that I expected the Secretary of Agriculture—

to assure the effective coordination of day-to-day operations through appropriate interagency relationships.

To this end, the Secretary of Agriculture has established a working committee under the chairmanship of the Administrator of the Foreign Agricultural Service of the Department of Agriculture and consisting, in addition, of staff representatives from agencies on the Interagency Committee on Agricultural Surplus Disposal, and from the Department of Defense and the Office of Defense Mobilization. This staff committee, under policies established by the Interagency Committee on Agricultural Surplus Disposal, is responsible for consideration of specific proposals for sales or grants and for working out the detailed provisions of agreements, terms of sale, and the like.

The Agricultural Problem

The agricultural problem, as it exists today, is the result of several factors, including the sharp expansion in agricultural capacity to meet the demands of war and the aftermath of war, continued rigid price-support programs, the postwar recovery of foreign agricultural production, and the drastic reduction in foreign takings of United States farm products in the last 3 years.

In 1951, stimulated by the Korean outbreak, the value of our exports of farm products totaled \$4 billion. By 1953 our exports had been reduced by some 30 percent and only a slight improvement occurred in 1954. Stocks, especially of the principal export farm commodities, have rapidly accumulated in recent years. As of November 30, 1954, the investment of the Ccc in price-supported commodities amounted to \$6.9 billion: \$2.75 billion was in wheat and \$1.39 in cotton, together representing 60 percent of the total.

Relationship to Foreign Economic Policy

In Public Law 480 the Congress recognized the possibility of increasing United States marketings of agricultural commodities abroad and at the

same time helping to further our foreign policy objectives. Titles II and III of the act, by providing for the relief of distress abroad, express the natural humanitarian response of the American people to the needs of others.

It was recognized from the outset, however, that a careful administration of the act was essential in order to avoid serious harm to our own private export trade and to our relations with friendly countries. The economic strength and stability of many countries depend on their exports of the very commodities which are in surplus in the United States. If their sales in their usual markets were unduly disrupted by reason of our exports under the act, these countries might be forced to drastic price cutting, or find their economies so weakened as to prevent them from carrying their full share of our mutual defense burden. Should the operation of Public Law 480 lead to either of these potential results it would be contrary to our national interest.

Relationship to Normal Dollar Sales

Careful scrutiny of each country program developed under Public Law 480 is needed in order to assure that normal dollar markets for United States agricultural commodities are protected, and to safeguard against the substitution of foreign currency sales for sales which otherwise would be made for dollars. Such substitution would result in a budgetary cost without contributing to the solution of the surplus problem.

Relationship to Other Agricultural Surplus Disposal Programs

(1) CCC sales: January 1–November 30, 1954

The Commodity Credit Corporation may, under the Ccc Charter Act, sell price-support commodities for export without regard to price restrictions applicable to certain other types of sales. During the period January 1 through November 30, total dispositions of Ccc commodities acquired under price-support programs amounted to over \$1.3 billion. Of this total nearly \$900 million represented commercial sales of which approximately half were for export. Under Public Law 480, such sales may now be supplemented by sales for foreign currencies. Commodities will be sold by Ccc under Public Law 480 on the same price basis on which they are available for dollar transactions under other Ccc export-sales programs.

(2) MSA program

Section 402 of the Mutual Security Act of 1954 provides that not less than \$350 million of MSA funds shall be used to finance the export and sale for foreign currencies of United States surplus agricultural commodities or products, in addition to commodities transferred under Public Law 480. This authority is used primarily to finance essential import requirements of countries which are not in a position to pay for such supplies. The foreign currency proceeds from the sale of surplus commodities acquired by mutual-security dollar funds are used for the purposes for which the dollar appropriation was authorized.

(3) Welfare agencies

Section 416 of the Agricultural Act of 1949 authorizes CCC to make its commodities available to various public and private welfare agencies for the assistance of needy persons at home and abroad. Public Law 480 expands this authority by allowing more latitude in the declaration of commodities available under the section and in the costs which may be paid by the Government to pay certain program costs. Commodities are made available under these programs to eligible recipients free of charge.

(4) Urgent relief

In prior years Congress has, from time to time, enacted specific legislation to meet specific urgent need for food relief. Under Public Law 480 the President is now in a position to meet these needs without the necessity of requesting Congress for specific legislation.

Policy Formulation

In Public Law 480 the Congress wisely provided safeguards against undue disruption of United States dollar sales or of sales by friendly countries. These provisions raised the question of the volume of sales that could be transacted in any given period without serious effects on the United States dollar trade or undue impairment of the traditional competitive position of friendly foreign countries.

Allowing for the fact that the value of commodities moved under title I may exceed \$700 million by the dollar recoveries from the appropriations of other agencies, the authority of titles I and II permits moving into export channels more than \$1 billion of commodities in a 3-year period. The act, allowing for such overage in title I, poses

the problem of increasing, in a 3-year period, exports of surplus commodities by over 15 percent above the 1953 level without jeopardizing normal dollar sales or disrupting unduly the trade of friendly countries.

Against this background a total program of \$453 million was established for the first year of operation under title I. A program of this magnitude represents an increase of about 25 percent over the 1953 level of exports of like commodities.

Administration of Title I

Area distribution of first year's program (title I)

Listed below are the figures comprising the \$453 million program for the first fiscal year, which represents 65 percent of the funds authorized for a 3-year period. These figures represent the total investment of the CCC in the commodities to be shipped and the costs of the shipping to be financed under the program. Export market value of certain commodities in the country programs is considerably less than the charge against the 3-year authorization. The breakdown of the funds by areas is as follows:

	Millions
Western Europe-----	\$205.5
South America-----	44.0
Middle East (Turkey)-----	30.3
Southeast Asia-----	173.0
Total-----	452.8

Negotiations are being conducted with individual countries within the figures cited above. However, the individual country figures are not all being made public at this time since such information might prejudice the successful completion of negotiations. Following is a brief summary of program activity to date with the scope of the program indicated where feasible.

Turkey.—The first agreement under title I was signed with the Government of the Turkish Republic on November 16, 1954. This agreement provides for the sale of approximately 300,000 tons of bread grains and feed grains to Turkey. Payment will be made in Turkish liras, half of which will be used in meeting United States expenses in that country and the remainder, as loans, for furthering Turkish development. This sale will mitigate the need created by a severe drought in that country which has resulted in inadequate supplies of wheat and feed grains for Turkish domestic

consumption. It is estimated that this program will total about \$30 million.

Japan.—On November 13, 1954, representatives of the Governments of the United States and Japan reached an understanding on a program of approximately \$100 million, in terms of Ccc investment under title I. The export market value of the program will total approximately \$85 million. The commodity breakdown of this program in terms of export market values is as follows:

	Millions
Wheat.....	\$22.5
Barley.....	3.5
Rice.....	15.0
Cotton.....	35.0
Tobacco.....	5.0
Subtotal.....	81.0
Ocean transportation.....	4.0
Total.....	85.0

The sale of these commodities to Japanese buyers for yen will be in addition to usual Japanese commercial purchases of these items from the United States. And the agreement specifically contemplates that Japan will not complete its regular purchases of rice under agreements with Asian suppliers. The understanding described herein is subject to approval by the Japanese Diet before the formal agreement can be signed.

Yugoslavia.—An agreement was concluded during the past week for the sale of approximately 425,000 tons of wheat and 50,000 bales of cotton to Yugoslavia under title I. The amount of this program is estimated at approximately \$60 million.

Pakistan.—Negotiations are well advanced with the Government of Pakistan for a program totaling approximately \$31 million under title I. The principal commodity included in this program is cotton.

Programs for other countries.—The programs described above total approximately \$220 million against the \$700 million authorization. Additional programs are now in the process of negotiation with 13 additional countries which will bring the total to approximately \$453 million. Details of these negotiations will be announced as soon as firm understandings have been reached with the foreign governments concerned.

Commodity distribution of first year program

The development of programs has not yet progressed to the point where it is possible to make an accurate estimate of the ultimate commodity

composition of the first year's programs. However, based on experience to date it is possible to make the following projections on a tentative basis:

	Percent		Percent
Grains.....	43	Other commodities.....	7
Cotton.....	28	Ocean transportation.....	8
Tobacco.....	14		

These percentages are based on the export market value of the commodities which it is believed will be included in the first-year program. This basis of valuation is used instead of Commodity Credit Corporation costs since the purchase authorizations to foreign governments will be issued on that basis.

Use of local currencies

As previously indicated, foreign currencies accruing from sales under title I may be used for a variety of purposes. In negotiating agreements with foreign countries an attempt is made to obtain a significant portion of such currencies for general United States uses. In each case provision is being made for use of some of the currency for helping develop new markets for United States agricultural products. It is anticipated that all agreements will provide for the use, subject to section 1415 of the Supplemental Appropriation Act of 1953, of at least 10 percent of the foreign currencies for payment of United States obligations abroad. Experience to date, however, indicates that in order to consummate sales in significant volume it is necessary for a considerable portion of the sales proceeds to be made available for financing economic development in the purchasing country. Under present policy, funds for this purpose are made available on a loan rather than on a grant basis.

As an example of the use to which the local currencies generated by the various country agreements are put pursuant to the act, there appears below the breakdown for the Japanese program.

Use of local currency

[In yen equivalent of millions of dollars]

Sec. 104 (a)—Develop new markets.....	\$2.00
Sec. 104 (c)—Procure military equipment, etc.....	*17.00
Sec. 104 (d)—Finance purchases for other friendly countries.....	5.50
Sec. 104 (f)—Pay U. S. obligations abroad.....	.25
Sec. 104 (g)—Loans for economic development.....	59.50
Sec. 104 (h)—International educational exchange.....	.75
	85.00

*Reimbursable in dollars from the Defense Department.

This program may be considered typical except that it contains no provision for purchase of strategic materials, which is expected to be a part of most agreements.

Loan policy under Public Law 480

As may be seen from the above schedule, loans for economic development tend to be a proportionately large part of country programs.

The negotiations and conclusions of loan agreements under the act are a function assigned by Executive order to the Director of the Foreign Operations Administration. It was agreed at the outset by the National Advisory Council on International Monetary and Financial Problems that loans under Public Law 480 should be on substantially the same terms and conditions as loans made by the Foa under section 505, Public Law 665, 83d Congress.

Exchange rate problems

In countries having multiple rate systems, the rates of exchange between their currencies and the dollar may differ with the purpose for which they are to be used. In such cases the rate at which the purchase price of the commodities will be paid in foreign currency must be negotiated to assure a rate adequate for the purposes of the United States, and at the same time conform to the pattern of exchange rates of the country concerned. Even where there is a single rate of exchange the possibility of loss exists through the depreciation of the value of the foreign currency prior to its use.

Similar problems arise when loans repayable in foreign currency are made. It is expected, however, substantially to avoid loss by denominating the loans in dollars.

It is difficult to reach agreement in all cases with the foreign countries concerned and obtain guarantees which would protect the United States against all conceivable loss. However, arrangements are sought which are as favorable to the United States as possible and at the same time permit the purposes of the act to be furthered.

Title II Commitments

Title II programs already authorized or under active consideration to the end of December 1954 approximate \$125 million. It is estimated that an additional commitment of \$25 million will be required by June 30.

Shipments already authorized total \$68 million,

including \$52 million in grain, \$10 million in fats, \$6 million miscellaneous. The \$68 million of shipments made or under way is composed as follows:

	Millions
Yugoslavia.....	\$32.0
Bolivia.....	1.2
Christmas food packages (45 countries).....	16.7
Pakistan.....	2.8
Libya.....	3.2
Haiti.....	1.9
Nepal.....	.2
	58.0
Danube flood:	
Austria.....	1.9
Czechoslovakia.....	1.7
Germany (Federal Republic).....	1.0
Germany (Soviet occupied).....	.7
Hungary.....	2.7
Yugoslavia.....	2.2
	10.2
	68.2

Title III

Section 301

Since other authorities have been broad enough to cover disasters, there has been no occasion to date requiring the use of this section.

Section 302—Domestic donations

During the current fiscal year, this authority has been used for donations to school-lunch programs serving 10 million children, about 1.2 million persons in charitable institutions, and 1.6 million needy persons. The following table shows the estimated quantities distributed under this authority.

Estimated quantities of surplus foods donated to domestic recipients under Public Law 480, July 1 to Dec. 31, 1954

[Millions of pounds]

Commodity	Total	School lunches	Charitable institutions	Needy persons
Butter.....	40.8	19.6	8.6	12.6
Cheese.....	31.6	15.4	6.9	9.3
Nonfat dry milk.....	23.9	10.5	5.2	8.2

Section 302—Foreign donations

Since Public Law 480 amendments to section 416 necessitated a number of new operations and procedures, this program is not expected to reach

its full operation until the third quarter of this fiscal year. There is every indication, however, that there will be greater total use in meeting hunger and need abroad this year than last.

The table below shows the quantities approved for foreign donation for fiscal 1954 and orders approved from July 1 to December 31, 1954. These figures are for United States private welfare agencies and United Nations International Children's Emergency Fund orders for 26.5 million pounds of dried milk for Korea. To date this fiscal year the Department of Agriculture has approved orders from 16 agencies for distribution to 41 foreign countries.

Quantities approved for donation to United States private welfare agencies for distribution to the foreign needy

(Millions of pounds)

Commodity	Under sec. 416 of the Agricultural Act of 1949, fiscal year 1954	Under sec. 302, Public Law 480, fiscal year 1955, through Dec. 31, 1954
Nonfat dried milk.....	92.7	109.0
Butter.....	60.2	41.1
Cheese.....	31.0	25.9
Cottonseed oil.....	0	9.0
Shortening.....	0	13.4

Barter

Section 303 of Public Law 480 authorizes Ccc to barter its commodities for (a) strategic materials entailing less risk of loss through deterioration or substantially less storage charges, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required for offshore construction. All barter operations are conducted through private United States trade. Materials are accepted at prices not in excess of fair market value. From its own inventories Ccc arranges to release against the barter contracts an equivalent value in agricultural commodities based on export market prices for sale in friendly nations.

Barter Results

Prior to Public Law 480, the Department of Agriculture generally limited its barter activities under the Ccc Charter Act, as amended, to those

materials which could be immediately transferred to the stockpile or to other agencies with full reimbursement to Ccc. Under this policy from the inception of the barter program in mid-1949 until July 1, 1954, about \$110 million in surplus agricultural commodities were exported under the program.

Following the enactment of Public Law 480 and under agreement with the Office of Defense Mobilization that it would request appropriations for its long-term stockpile goals the Ccc broadened its policies. The Ccc is now accepting strategic materials for its own account within such goals, in contemplation of transfer at an appropriate time to the national stockpile. As a result of the broadened program, barter activity has increased about 100 percent. For the last 6 months barter activities were about \$93 million, a figure almost equal to total activity during the previous 5 years.

Current Treaty Actions

MULTILATERAL

Safety at Sea

Convention on safety of life at sea. Signed at London June 10, 1948. Entered into force November 19, 1952. TIAS 2495.

Acceptance deposited: Federal Republic of Germany ("equally valid for the Land Berlin"), August 19, 1954.

Slave Trade

Protocol amending the slavery convention signed at Geneva September 25, 1926 (46 Stat. 2183), and annex. Done at New York December 7, 1953.¹

Signature: Turkey, January 14, 1955.

Telecommunications

International telecommunication convention. Signed at Buenos Aires December 22, 1952. Entered into force January 1, 1954.²

Ratification deposited: Egypt, December 7, 1954.

BILATERAL

Japan

Agreement relating to compensation for personal and property damage as a result of nuclear tests in the Marshall Islands. Effected by exchange of notes at Tokyo January 4, 1955. Entered into force January 4, 1955.

Peru

Agreement for a cooperative employment service program in Peru, pursuant to general agreement for technical cooperation dated January 25, 1951 (TIAS 2772). Signed at Lima December 31, 1954. Entered into force December 31, 1954.

¹ Not in force for the United States.

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Releases may be obtained from the News Division, Department of State, Washington 25, D. C.

Press releases issued prior to January 17 which appear in this issue of the BULLETIN are Nos. 1 of January 3 and 25 of January 15.

No.	Date	Subject
26	1/17	Dulles: Testimony on Trade Agreements Act.
27	1/16	Sale of aircraft to Costa Rica.
†28	1/17	Letter to Sen. Johnston on personnel.
29	1/18	Temporary return of Gen. Collins.
*30	1/18	Heath nominated Ambassador to Lebanon.
31	1/18	Dulles: Hammarskjold mission.
32	1/18	Dulles: Tachen Islands.
33	1/19	Holland: Costa Rican conflict.
34	1/19	Regulation of photography by Soviets.
35	1/19	Dulles meeting with Hammarskjold.
†36	1/21	Revalidation of Austrian securities.
†37	1/21	Tax protocol with United Kingdom.
38	1/21	Egyptian radioisotope training program.
*39	1/21	Program for visit of President Magloire.

*Not printed.

†Held for a later issue of the BULLETIN.



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